Gnomes no longer
Swiss banks take a global view
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Change of tack
Ukraine makes deals with the west
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Law firms move in on Hong Kong
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FINANCIAL TIMES

Europe's Business Newspaper | TUESDAY AUGUST 2 1994 | D8523A

Chinese stocks surge 30% on rescue package

China's infant stock markets surged by more than 30 per cent, fuelled by a buying frenzy after Beijing announced a rescue package aimed at arresting a disastrous slide in share values. Shanghai's A-share index for local investors rose by 36.14 per cent to 447.68 points. Page 16 and Lex; Fickleness and frenzy in Shanghai, Page 17

Astra operator faces revolt: Société Européenne des Satellites, the Luxembourg company that operates the Astra television satellite system, is facing a potential user revolt over managerial instability at the group which could affect up to £1bn ($1.55bn) of business. Page 17

Ted Turner interested in buying CBS:

Ted Turner, chairman of cable television group Turner Broadcasting System, said he was interested in buying CBS, the US television broadcasting network. Mr Turner also said he would be interested in acquiring either of the other two main US networks, ABC and NBC, but added that he had no immediate plans for a bid. CBS has the highest-rated programmes on US television among the big three networks. Page 17

Haiti declares siege: Haiti declared a state of siege after the United Nations voted to approve a US resolution allowing the use of force to remove its military leaders. Page 4

Japan car sales rise continues: A further sign of revival in the Japanese economy came with vehicle sales in July rising from a year earlier for the second successive month. Page 6; Truck part maker caught in US-Japan trade duel, Page 16

Bosnian Serbs seek talks: Bosnian Serbs said they wanted to reopen talks with western powers and Russia on a Bosnian peace plan. Page 2

Oil prices exceed $19 a barrel: Oil prices rose above $19 a barrel for the first time in more than a year as markets reacted to fears of further production cuts in Nigeria. Page 6

Pearson seeks Hong Kong TV stake: Media and entertainment group Pearson is negotiating for up to 10 per cent of Hong Kong's Television Broadcasts, Asia's premier television company. Page 17

Caparo close to US purchase: Caparo Group, privately owned UK steel and engineering concern, said it was close to buying most of the steelmaking assets of Pennsylvania-based Sharon Specialty Steel. Page 23

British cattle prices fall: Cattle prices in the UK have fallen by 30 per cent following European Union curbs on British beef exports designed to stop the spread of "mad cow" disease. Page 8

UAE seeks to harmonise tariffs: The United Arab Emirates, trying to harmonise rules in preparation for a possible Gulf Arab common market, began levying a 4 per cent tariff on most imports. Page 5

De Klerk vows to stay in coalition: South African Deputy President F.W. de Klerk dismissed speculation that his National party planned to pull out of the country's coalition government. Page 6

French jobless total falls: French unemployment fell by 13,000 in June to 3.33m, or 12.6 per cent of the workforce, the biggest fall for four years, the Labour Ministry said. Page 2

Court to rule on stalling of Maxwell probe: UK accountancy firm Coopers & Lybrand, has been granted leave to appeal to the courts in an effort to stall a wide-ranging professional investigation into its audit of the Maxwell business empire. Page 8

Abbey National in insurance deal: UK home loans and banking group Abbey National and Commercial Union, Britain's largest insurance company, are to create a joint venture to sell general insurance to personal customers. Page 17; Lex, Page 16; *Abbey results*, Page 22

MUI ahead 61%: First-half profits at Malaysian-based conglomerate Malayan United Industries rose 61 per cent to M$38.37m (US$14.79m), boosted by earnings from recent purchases of three Hong Kong companies. Page 19

Egypt's tourist industry recovers: Three months free of Islamic militant attacks on tourist targets has encouraged a recovery in Egypt's tourist industry, with Cairo hotels enjoying their highest occupancy rates for more than two years. Page 6

■ STOCK MARKET INDICES		
FT-SE 100:	3097.4	(+14.8)
Yield	4.04	
FT-SE Eurotrack 100	1396.30	(+2.34)
FT-SE-A All-Share	1551.22	(+0.4%)
Nikkei	20,271.36	(-178.04)
New York lunchtime		
Dow Jones Ind Ave	3774.53	(+10.03)
S&P Composite	459.64	(+1.39)
■ US LUNCHTIME RATES		
Federal Funds:	4¼%	
3-mo Treas Bills: Yld	4.385%	
Long Bond	86	
Yield	7.426%	
■ LONDON MONEY		
3-mo Interbank	5¾%	(5⅝%)
Liffe long gilt future:	Sep 101[illegible]	(Sep 101⅝)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Sept)	$19.18	(18.61)
■ Gold		
New York Comex (Dec)	$389.4	(383.0)
London	$383.2	(383.9)

■ STERLING		
New York lunchtime:		
$	1.5385	
London:		
$	1.5386	(1.5366)
DM	2.4221	(2.4413)
FFr	8.2795	(8.3408)
SFr	2.0457	(2.0675)
Y	152.088	(153.924)
£ Index	79.0	(79.4)
■ DOLLAR		
New York lunchtime:		
DM	1.57485	
FFr	5.3875	
SFr	1.32735	
Y	98.03	
London:		
DM	1.5743	(1.5888)
FFr	5.3814	(5.4283)
SFr	1.3383	(1.3455)
Y	98.85	(100.175)
$ Index	63.2	(63.6)
Tokyo close Y 98.77		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM2.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L30000
						UAE	Dh12.00

Beijing flouts convention on satellite parking

By Simon Holberton in Hong Kong

China has become the first country to flout the conventions of space by parking a satellite in a position that could interfere with other satellites and hinder the Asian ambitions of international broadcasting companies.

There are no laws governing the launch and positioning of satellites above the earth. But it has become a convention that agreement with the owners of adjacent satellites is reached through the International Telecommunication Union (ITU), a Geneva-based United Nations agency that registers satellites.

Industry executives said the Chinese launch of a commercial satellite 12 days ago was the first time that a country has launched a satellite without the agreement of other operators of satellites near the intended position of the new satellite.

They believe that if the satellite is used as planned in coming weeks it will interfere with signals from a planned Japanese telecommunications satellite and a satellite operated by Rimsat, a US company, to beam television to India. They also say that some of the Chinese satellite's 24 transponders, or transmitters, may be inoperable because of interference caused by its proximity to the other satellites.

In this case, the business strategies of some of the US's top broadcasters could be badly affected. Turner Broadcasting, Home Box Office, and Viacom, which owns MTV, have all signed up to use the satellite to further their ambitions in Asian broadcasting. In addition, the China Telecommunications Broadcasting Satellite Corporation has signed a lease agreement for eight of the satellite's transponders for both television and telecommunications.

The Japanese government is believed to be angry about the Chinese government's behaviour. It had talks in Beijing last week which ended in failure.

The state-of-the-art Chinese satellite, is owned by APT Satellite, a Hong Kong-registered company controlled by three Chinese government ministries together with investors from Singapore, Thailand and Macao. The company's seventh shareholder is a company owned by the Kuomintang, Taiwan's ruling Nationalist party.

The satellite, known as Apstar 1, was launched from Xichang, Sichuan, on July 21. It is estimated to have cost APT about $130m to buy, launch and insure. Its twin, Apstar 2, is due for launch early next year.

Of crucial importance to existing operators is the positioning of a new satellite. In general, the

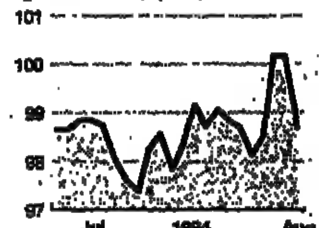
Continued on Page 16

Dollar hit by threat of sanctions on Japan

By Michiyo Nakamoto in Tokyo, Nancy Dunne in Washington and Philip Gawith in London

Dollar

Against the Yen (¥ per $)



Source: FT Graphite

Japanese officials yesterday reacted with dismay to the US decision to start a process that could lead to sanctions, as trade friction upset foreign exchange markets and led to a sharp fall in the value of the dollar against the yen.

Mr Lloyd Bentsen, the US Treasury secretary, recognised that if Washington did impose sanctions, the dollar could be hurt. "Sometimes you get an emotional impact that's temporary, but underlying economic fundamentals take hold," Mr Bentsen said.

Mr Kozo Igarashi, Japan's chief cabinet secretary, yesterday criticised the US move as contrary to the spirit of dialogue which should be at the basis of bilateral negotiations. "The US action contradicts the US-Japan framework talks which calls for addressing bilateral disputes through dialogue," Mr Igarashi said.

While Japan was still prepared to negotiate and would make strenuous efforts to reach an agreement, in the event that sanctions are announced "we have no intention of continuing negotiations under threat of sanctions", he emphasised.

The US currency fell more than Y1½ to a low of Y98.38, recovering to close in London at Y98.85.

Until recently, a strong yen has been seen by markets as a possible means of reducing Japan's bilateral trade surplus, and the dollar had weakened in response to the belief that the US administration would not support it.

However, Mr Bentsen's comments yesterday underlined more recent signs that the administration is not prepared to let the dollar slip further.

Mr Tomiichi Murayama, Japan's prime minister, was hopeful yesterday that the two countries would resolve their dispute over public procurement of medical equipment and telecommunications before a US-imposed September 30 deadline for announcing sanctions. "The talks have not completely broken down, so we must persevere with the negotiations. We will persevere with our efforts," he said.

The Japanese stance reflects a widespread feeling in Tokyo that there is still time for the two sides to come to an agreement. Officials are also aware that the US has rarely imposed economic

Continued on Page 16
Japan, unmoved and immovable, Page 5
Editorial Comment, Page 15
Lex, Page 16
Truck parts maker caught in trade duel, Page 16

President Roman Herzog of Germany prepares to lay a wreath in Warsaw yesterday to commemorate the 50th anniversary of the start of the Warsaw uprising against Nazi occupation in which 200,000 people died. "I ask for forgiveness for what Germans did to you," he said. Reuter

Berlusconi prepares to compromise

By Robert Graham in Rome

Mr Silvio Berlusconi, the Italian prime minister, is willing to consider changes in the proposals he has made to avoid a conflict of interest with his Fininvest business empire.

Hints of flexibility came as he prepared for today's important debate in parliament on recent incidents when his business interests have clashed with those of his role as prime minister.

The debate is not a formal vote of *confidence* but Mr Berlusconi is expected to use the occasion to try to recoup some of his battered prestige before the parliamentary summer break at the end of the week. It will also be an important test of the unity of the rightwing coalition government.

Mr Berlusconi's proposals for avoiding a conflict of interest were unveiled on Friday but part of the plan will have to be rewritten. President Oscar Luigi Scalfaro said that the president could not be asked to help nominate a five-person commission to monitor any conflict of interest, as suggested by Mr Berlusconi. That was outside the president's constitutional authority, he said.

Mr Umberto Bossi, leader of the populist Northern League, a coalition partner, has promised to introduce new proposals during the debate. The League leader, who has been a constant thorn in Mr Berlusconi's side, says he is determined to prevent *the prime minister* having any influence over the management of Fininvest, Italy's second largest private company.

Mr Berlusconi is adamant about retaining ownership of Fininvest, albeit at a distance. Mr Bossi said over the weekend that ownership should be placed in a foundation, but did not elaborate.

Any *proposal* for Mr Berlusconi to sell Fininvest will have to pass through parliament as a law. The League has the power to undermine the legislation, and Mr Bossi's coalition partners were nervous yesterday that he might *threaten sabotage or* an alliance with the opposition.

Also influencing today's debate will be the nomination of a new chairman for Italy's antitrust authority, following the death at the weekend of Mr Francesco Saja. He had played a significant role in trying to introduce the concept of antitrust rules to cartel-ridden Italy. The nomination is controlled by the speakers of both houses of parliament, who have also been proposed to nominate Mr Berlusconi's conflict of interest commission.

Tax police, Page 2

Union Carbide in European plastics deal with Enichem

By Paul Abrahams in London and Richard Waters in New York

Union Carbide of the US and Enichem, the chronically loss-making petrochemicals arm of Italy's Eni energy and chemicals group, yesterday announced their intention to set up a joint venture which would create Europe's largest manufacturer of polyethylene, the most widely used plastic.

Enichem will put its entire 1.1m tonnes a year polyethylene capacity into the 50-50 joint venture, as well as its ethylene plants at Brindisi, Italy, and Dunkirk, France.

Union Carbide will supply its leading Unipol technology and contribute to the cost of constructing a new 400,000 tonnes a year polyethylene plant in Brindisi. Financial terms were not disclosed.

Mr Marcello Colitti, Enichem chairman, said the deal was "a real turning point for Enichem". It will be Union Carbide's first direct foreign investment since the 1984 Bhopal disaster in India, when more than 3,000 people died.

The companies expect the 50-50 joint venture, which has taken three years to negotiate, to begin operation during the first quarter next year. The deal is subject to European *Commission approval*.

The move will be a blow for BP Chemicals which had been negotiating a technology licensing deal with Enichem for polyethylene.

The decision to build a polyethylene plant using Union Carbide's technology would also be a setback for Montell, the venture between the Anglo-Dutch company Royal Dutch/Shell and Italy's Montedison. The deal will make it more difficult for Montell *to justify building a plant with* its competing technology.

The new Brindisi plant, making mostly modern linear low-density polyethylene (LLDPE) could allow the joint venture to close some small and unprofitable plants manufacturing older generation low-density polyethylene. Most of such factories are in southern Italy, but any attempt to close them is likely to run into political opposition.

Mr Colitti has said his aim is to focus on fewer sites. Union Carbide said the new plant would *replace existing capacity of about* 240,000 tonnes a year.

Mr David Oxley, director of polymers at consultants Chem Systems, said the European LLDPE market was suffering 20 per cent overcapacity. Last year demand was 1.1m tonnes, compared with annual capacity of 1.6m tonnes. Europe was a net importer of 120,000 tonnes, mostly from the Middle East, a figure that was likely to increase when a new 400,000 tonnes a year *plant in Kuwait comes on stream.*

Union Carbide and Enichem are also understood to be negotiating a venture in ethylene glycol, a raw material for PET, a plastic used in in bottles and polyester fibre.

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NEWS: EUROPE

Bosnian Serb leader hints at concessions over territory

By Chrystia Freeland and agencies

Bosnian Serbs said yesterday they wanted to reopen talks with western powers and Russia on a Bosnian peace plan. Willingness to make at least heavily qualified concessions was further demonstrated by Mr Radovan Karadzic, the Bosnian Serb leader, who indicated for the first time that he might accept the division of Bosnian territory laid out in the peace proposal.

The Serb offer to negotiate is the latest attempt in a protracted haggle which intensified on Friday when the self-styled Bosnia Serb parliament refused to accept the peace plan brokered by an international "contact group" comprising the US, Russia, Britain, France and Germany.

The contact group responded on Saturday by calling for tighter sanctions but the five foreign ministers failed to evoke the measure most feared by the Serbs – lifting the Bosnian arms embargo. Such a move, which would strengthen the Moslems, enjoys wide US political support.

France yesterday dismissed the Bosnian Serb proposal for new peace negotiations with the major powers. "This proposal contains no new element that would be responsive to the expectations of the contact group," a foreign ministry spokesman told Reuter.

The protracted negotiations are straining relations between members of the contact group, with the US pushing for tougher sanctions against the Serbs, the Russians arguing for more lenience and the Europeans, nervous about their troops on the ground, caught in the middle.

Mr Karadzic signalled a more conciliatory attitude in an interview due to be published today in the Russian daily Sevodnya. He said Serbs might accept the division of Bosnian territory outlined in the contact group plan which gives the Moslem-Croat federation 51 per cent of the land and the Serbs 49 per cent.

"We could agree to these figures," Mr Karadzic said, "but the territory we are given must not be a patchwork. It must be a unified and independent Serb state."

Mr Karadzic, whose forces control some 70 per cent of Bosnia, also sought to further divide the already fragile consensus within the contact group, where Russia has consistently taken a more placatory stance toward their historical allies, the Serbs.

"Russia must understand how dangerous Nato's games are not only for Serbia but for Russia as well," he said, after praising last week's personal intervention in the peace process by President Boris Yeltsin. "Nato is trying in all ways to diminish Russian influence in the Balkans."

Sarajevans run to avoid Serb snipers who shot and wounded two women in a tram yesterday. Sniper fire has been increasing in the Bosnian capital in recent days AP

Business tries to shift blame in latest Italian scandal

Who is corrupting whom is a crucial issue in the case involving the country's financial police, writes **Robert Graham in Rome**

Throughout Italy's corruption scandals businessmen have consistently painted themselves as victims of the system. They were not the corruptors, but the corrupted. The corruptors were venal civil servants and politicians.

This defence is being raised again now as Milan magistrates investigate businessmen in northern Italy for paying bribes to members of the Guardia di Finanza, the financial police, to carry out "friendly" tax assessments and inspections.

The question of who is doing the corrupting is especially important in this case since it involves a central pillar of the state – the 61,000-strong corps charged with monitoring all financial crime.

In the past three weeks, almost 40 businessmen and accountants, and a similar number of the financial police, have been arrested as part of the Milan investigation. Over the weekend, magistrates in Genoa opened a new front, arresting 19 people, including three members of the Guardia di Finanza.

First it was the case of Mr Alberto Falck, the prominent private steel producer, who admitted paying L500m ($321m) to the Guardia di Finanza. "There was a system which had to be honoured," Mr Falck's lawyer was quoted as saying.

Then, last week, it was the turn of Mr Paolo Berlusconi, younger brother of prime minister Silvio Berlusconi. He admitted paying out L330m over the inspections of three different companies in the Fininvest group. According to his lawyer, the payments were made under duress.

Talking to several businessmen, it emerges that payments to members of the Guardia di Finanza to carry out low key inspections or overlook irregularities in company balance sheets are not uncommon. The practice appears more widespread in northern Italy, and Milan magistrates have uncovered a well-structured system of payments, with bribes being cut on a percentage basis by rank.

However, the same businessmen also admit that the process is by no means all one-sided. The payments are often volunteered in what is a mutually beneficial arrangement to both entrepreneur and policeman.

"I don't think we even thought it was a bribe: it was like a glorified form of tipping," observered one Rome businessman.

"These sort of practices are the natural result of a tax system based on rigid laws and inflexible tax demands, which only become flexible through evasion."

Gen Constantino Berlenghi, the head of the Guardia di Finanza, last week ridiculed the idea of big business being coerced into paying bribes to his men.

"How is it that a big businessman who has access to tax lawyers, professors and other luminaries can make one believe he is being intimidated by a little marshal of the force? It's inconceivable!"

Whoever is to blame, it cannot hide the fact that members of the Guardia di Finanza were willing to pocket sums of money, which, by the standards of their pay packets, were very large.

A case came to light in Genoa earlier this year of 11 Guardia members taking L300m from a large construction company.

The average pay, excluding fringe benefits, of the top four grades of officer in the force is L115m a year. A marshal receives L52m a year.

More alarming was the arrest over the weekend of a colonel who had been working closely with Mr Antonio Di Pietro, the leading anti-corruption magistrate in Milan, throughout the past two and half years of corruption investigations. He was accused of having received L150m from Mr Antonio Ligresti, brother of the construction magnate Mr Salvatore Ligresti, known as the "king of Milan concrete", for inspection of a hotel company's books in 1990.

At the same time another person arrested last week in the investigations into Mr Silvio Berlusconi's Fininvest empire was Mr Gian Marco Rizzi, a former member of the Guardia di Finanza who was recruited in the early 1980s to become a consultant to the prime minister's media group.

Given the spate of Guardia di Finanza arrests, the Italian press has begun to wonder whether there are more than just a few "rotten apples" in the corps, popularly known as the Yellow Flame because of its insignia.

Gen Luigi Ramponi, a former commander of the Guardia di Finanza, was asked by Il Mondo weekly magazine just how many were corrupt. "After the scandal, everyone thinks dishonesty is widespread; but I am sure the majority are honest, . . . the present cases are isolated. Numerous but isolated. Similar incidents have always happened because the temptations exist. . . ."

He went on to point out that the present Milan investigation was the product of an internal inquiry which was handed over to the magistrates. The high degree of honour within the force, some officers claim, has led to three people implicated committing suicide in the past month.

With the spotlight on the Yellow Flame, opposition politicians have begun to press for a demilitarisation of the Guardia. Mr Giulio Tremonti, the finance minister, who is directly responsible for these police, has ruled this out. Within the force itself, any move towards demilitarisation is likely to be resisted.

Largest fall for years in French jobless

By John Ridding in Paris

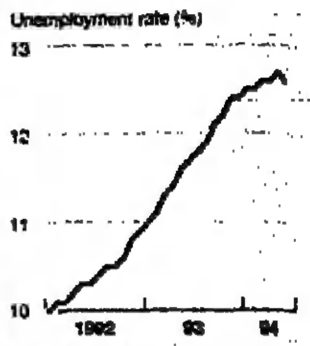
French unemployment recorded its biggest fall for four years in June, declining by 13,000 to 3.33m, or 12.6 per cent of the workforce, the labour ministry said yesterday.

The figures support official claims that the underlying unemployment trend is stabilising and should start to decline towards the end of the year.

They will provide encouragement for the centre-right government of Mr Edouard Balladur, which has targeted France's acute unemployment problem as a priority before the presidential elections which are due to be held next spring.

Officials and private sector economists, however, expressed caution about the statistics.

A statement from Mr Balladur's office said that the figures were a sign that unemployment was under greater control. But it said there was still a lot to do in tackling the problem.



Source: FT Graphite

The French unemployment rate, although down from the record 12.7 per cent reached in May, remains the highest among the Group of Seven industrialised nations.

Most private sector economists forecast a volatile pattern of unemployment statistics over the next few months, as school-leavers enter the jobs market and as the economy continues along an uneven recovery path. "The worst may be over, but there will probably be a bumpy patch until we see signs of a clear downward trend," said one economist at a Paris-based merchant bank.

Ms Esther Baroudy, senior economist at Crédit Lyonnais, said that some of the improvement in June reflected the number struck off the registers at employment agencies following their failure to respond to surveys. She said that the fragile nature of France's economic recovery could also limit employment growth.

The labour ministry figures showed particular improvement in youth unemployment. In the first half of 1994, the number of unemployed between the ages of 16 and 25 fell by 18,900, compared with a rise of 24,200 in the same period last year.

The problem of long-term unemployed, however, has continued to deteriorate. The number of those out of work for more than one year reached 1.16m in the first half.

Industry leaders have expressed concern about the structural nature of France's unemployment problem. Mr Jean Gandois, former head of the metals and packaging group Pechiney, and a candidate for the chairmanship of the Patronat, France's employers' association, said at the weekend that social charges and employment costs facing business needed to be reduced. "Growth can help. But it cannot resolve the problem of unemployment," he said.

Sweden's PM says economy on recovery path

By Hugh Carnegy in Stockholm

The campaign for next month's Swedish general election moved up a gear yesterday as Mr Carl Bildt, the prime minister, issued a spirited defence of his coalition government's record, saying its market reform policies had to continue if Sweden was to achieve "stable and high" growth rates for the rest of the decade.

The four government parties, led by Mr Bildt's conservative Moderate party, trail the opposition Social Democrats in the opinion polls and are handicapped by record unemployment, a record budget deficit and the fastest-growing public debt in the developed world that together have cramped growth forecasts. But Mr Bildt, presenting a 100-page summary of the right-centre coalition's three-year term in office, insisted the government had paved the way for a return to economic growth after three years of recession.

"All the curves that pointed the wrong way in the autumn of 1991 now point in the right direction again," he declared. "Exports are growing, so is industrial production. Unemployment is going down again, as is the deficit in the state finances. Inflation is low and productivity has increased strongly in both industry and the public sector."

Mr Bildt's presentation followed a sharp attack on the Social Democrats at the weekend and signalled the start of what is set to be a bitter campaign, now that the traditional July holiday is over.

The Social Democrats responded by saying Sweden had its worst unemployment (currently about 14 per cent of the workforce) since the 1930s. "We have a prime minister who has totally lost contact with the reality of ordinary people," said Ms Mona Sahlin, their party secretary.

The prime minister acknowledged that the budget deficit, which reached 13 per cent of gross domestic product in the last budget year, and the growing borrowing requirement, represented the greatest threat to recovery. But he said the coalition parties were committed to strengthening savings programmes, while continuing policies of deregulation, privatisation and reforming the welfare state.

Mr Bildt's clear strategy is to shift the blame for the recession on to previous Social Democrat governments, which he said left the economy in "free fall" in 1991, and to suggest a new Social Democratic regime would again undermine the economy through tax rises, public sector growth and inflation.

The Social Democrats are due to unveil their detailed economic programme on August 19. So far their main emphasis has been on raising some corporate and high-band income taxes and strengthening industrial investment.

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EUROPEAN NEWS DIGEST

Franglais law to be revised

The French ministry of culture said yesterday it will ask parliament in the autumn to pass legislation to take account of the objections of the French constitutional court to the law protecting the French language. Mr Jacques Toubon, the culture minister who has championed the cause of linguistic protection, insisted yesterday in an interview in *Le Figaro* that the court's ruling over the weekend was "globally positive" because it recognised the government's right to impose French in certain areas of public life. But the constitutional court, he complained, threatened to make his law even more restrictive by *giving it to judges to interpret without the help of an* official glossary of French terms. The law, commonly known as the *Loi Toubon*, stipulated that foreign phrases could only be accepted if they had no French equivalent in this glossary. The court said codifying the language of private citizens in such a glossary infringed their freedom of expression. The culture ministry says it will clarify that the law applies only to public officials. *David Buchan, Paris*

Equipment sales seen to rise

Sales of construction equipment in Europe are expected to rise by 2 per cent this year to more than 90,000 units, and to climb a further 6 per cent next year, according to a forecast to be published by London-based analysts Corporate Intelligence Group. The forecast is significantly more optomistic than its *previous prediction in the spring, when it thought sales would* fall by 5 per cent this year before recovering by 7 per cent in 1995. The better outlook is partly due to a slower than expected decline in the biggest market, Germany, where the heights of the post-reunification boom in sales have passed. A 9 per cent decline in the German market is foreseen this year, compared with the 15 per cent predicted in the spring. The German market is likely to account for 41 per cent of total European sales this year. Elsewhere, the group says some "major changes" are taking place: the UK is enjoying very strong growth, Spain and France are recovering well, and Scandinavia is showing signs of returning to life. The overall sales forecast this year, 90,121 units, is still 10 per cent down on the level of 1991, and 16 per cent down on the peak of demand in 1989-1990. *Andrew Baxter, London*

More east Germans work

More east Germans work than west Germans as measured in per capita working time, despite the officially high levels of unemployment as a proportion of the workforce in the eastern states, according to a report published by the Halle Institute for Economic Research. At the same time, the Institute, one of the six economic think tanks which advises the federal government, believes the fall in the unemployment rate in eastern Germany has stopped and patterns of employment in the region will eventually converge with western Germany. Mr Hilmar Schneider, author of the report, expects unemployment in eastern Germany to stabilise at around 15.8 per cent. However, contrary to previous estimates which reckoned that unofficial unemployment, including those on on job creation schemes, short-time work, or those who have taken early retirement, make up an additional 25 per cent of the labour force, the Halle Institute puts the figure as low as 12 per cent. It concludes that the total unemployment figure in eastern Germany is 28 per cent. *Judy Dempsey, Berlin*

Spanish banker fined

Spain has imposed a Ptas15m (£76,000) fine on a former Bank of Spain director for insider trading. The economy ministry said in a statement yesterday that it had ratified a recommendation by the National Securities Market Commission, fining Tomas Ramon Fernandez Rodriguez for insider trading in Banco Espanol de Credito-Banesto SA shares. Mr Fernandez ordered the sale of 2,388 Banesto shares on December 23, the same day the Bank of Spain's executive committee met in his presence *to analyse emergency measures to be taken at* Banesto, whose board the central bank ousted on December 28. The shares were actually sold on December 27, which the ministry said saved him Ptas3.06m. The next day Banesto's shares were suspended when they were quoting at 1,995. They resumed trade at the end of January at 855. *Reuter, Madrid*

Italian birth rate shrinks

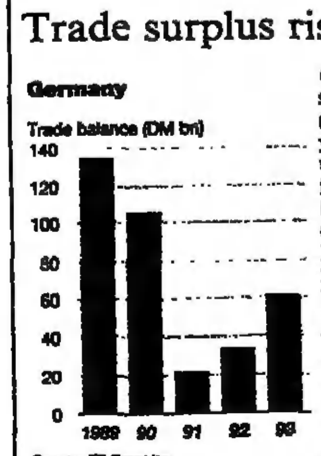
Italians risk becoming a vanishing race if current demographic trends continue. In 1993 Italy registered a "birth deficit", with deaths out-numbering the newly born for the first time this century outside the first world war. According to Istat, the national statistics institute, the number of births fell to 538,168 – the lowest level since the unification of Italy. In contrast, the number of deaths rose to 543,433. Compared to 1992, *the birth rate fell from 9.9 to 9.4 per 1,000. If the present* trend continues, one recent research paper suggested Italy's population could fall from 57m to 12m by the year 2100. However, the south continues to be prolific and its baby 'surplus' still almost compensates for the 'deficit' in the centre and north. Increased wealth is the main explanation for the decline. But unlike northern European countries, Italy does not possess an immigrant population with a high birth rate. *Robert Graham, Rome*

Lords attack EU visa laws

A committee of members of Britain's upper house yesterday called on the European Union to revise plans for common visa laws, saying they could end the right of many Commonwealth citizens to travel freely to Britain. The European Communities *committee of the House of Lords said in a report that* a proposed list of countries whose nationals would require visas to enter the EU was unnecessarily long and would damage British interests. The list, drawn up by the European Commission, includes countries in the Commonwealth whose citizens do not currently require visas for short visits to Britain. The committee also said it believes that the Community has no power to require mutual recognition of visas by member states *or to draw up a list of countries whose nationals should not* require visas. *Reuter, London*

ECONOMIC WATCH

Trade surplus rises to DM61bn



Source: FT Graphite

Germany's foreign trade surplus in 1993 was almost double that of the previous year, according to revised figures released yesterday by the federal statistics office. The trade surplus was DM61bn (£25.2bn) in 1993, compared to DM33bn in 1992. Exports have been revised upwards by DM24.6bn to DM628.5bn, while imports have been increased by DM22.7bn to DM567.6bn. The surplus of foreign trade has been revised upwards by DM1.8bn. The improved trade *surplus* will have a positive impact on the balance of payments deficit, which since 1991 has exceeded DM30bn each year. The balance of payments deficit last year totalled DM35.3bn, a rise of DM0.8bn on the previous year. *Judy Dempsey, Berlin.*

■ Italian retail sales rose 7.7 per cent in the first quarter of 1994 from a year ago, according to Istat, the state statistics office. In the quarter, Istat's index of retail sales registered 105.3 compared with 97.7 in the same period of 1993. The rise in January to March 1994 followed an increase of 5.8 per cent year on year in the fourth quarter of 1993.

■ Dutch consumer spending rose 1.7 per cent in volume terms in April compared with the same month of 1993, the Central Bureau of Statistics said.

Market pioneers fear MMM fall-out

Securities firms warn of over-regulation in Russian market after pyramid hysteria, writes **John Lloyd**

Bankers and dealers nursing the fledgling Russian securities market fear the scandal engulfing the finance house MMM will persuade the government to over-regulate the market.

It was not lack of market regulation, they say, but the elementary nature of the regulation that was partly responsible for the threatened collapse of a company in which millions *had invested their savings.*

Mr Maxim Boyko, chairman of Russia's Privatisation Agency, said yesterday the government had "learnt its lesson".

"From now on, it'll intervene in similar schemes. People will *be cautious and think twice* before investing their money." He called for a ban on dozens of similar shadowy schemes which have attracted hordes of investors.

MMM, which still refuses to announce its own death, opened *a number of its Moscow* kiosks yesterday – but was only selling, not buying, shares at Rbs1,125. The crowd round the headquarters office in suburban Moscow has thinned – possibly in response to the organisation of a union of *MMM shareholders* whose chairman, Mr Vladimir Poluektov, said yesterday that local chapters of the union were being set up "at lightning speed".

Negotiations were opened between the union and the company for repayment of those in most need, such as invalids and pensioners: the company has promised to *refund them at the shares'* high of Rbs115,000. Of the 11 such applications processed yesterday, one asked for assistance to bury a man whose relatives had invested all their savings in MMM.

Though little else has been *the subject of conversation for* the past 10 days, and the government devoted its entire cabinet meeting last Thursday to discussing it MMM and other similar miracle share schemes continue to operate and to advertise.

MMM was not the first in the market: companies named Tibet and Chara were offering huge markups on their shares before it appeared, and a company named TeleMarket has since aggressively entered the market in recent months. All appear to operate in the same manner: with registered offices in a (usually deserted) private flat they offer shares which are *essentially coupons with a face* value redeemable at any time at the value currently quoted by the company.

It is thus thought, by common consent, to be a pyramid selling operation of the classic kind: where the money depos*ited by the many buying in to* the company's success funds the higher prices paid to the fewer cashing in their shares – a process which can continue until the available population of investors dries up or, as in the case of MMM, investors' *confidence is shaken and a run* on the company begins.

The longer term consequences of the crash in the value of the shares last week – from Rbs115,000 to Rbs1,000 – is not thought to have greatly affected the behaviour of the larger Russian or foreign investors playing the increasingly active Russian stock markets.

"People in the finance community have not really been talking about this as a worry, but as a source of amusement," said Anatoly Danilitsky, a Moscow financial consultant yesterday. "It's having very little effect on business".

"No-one I talk to would admit to buying MMM shares," said another consultant, declining to be identified. "The kind of people who bought them are not those who are buying and selling through our company...."

The concern, however, is elsewhere. It is a fear over the reaction of a government acutely conscious that at least some part of the population blames it for the crash – indeed, Mr Victor Chernomyrdin, the prime minister, has already admitted the government was at fault – and concerned to so tighten the rules in the securities market as to choke the life *out of it before it can stand.*

"There's good and bad in this," said Mr Stephen Jennings of the CSFB Group in Moscow. "You need regulation of the market but there's regulation which can encourage and that which can harm. You *can get licensing requirements* which keep out the fly-by-nights – but also it can be so framed as to keep out the new enterprises which are going to grow."

What the larger Russian and foreign finance companies *want to encourage is the emergence* of a so-far elusive "structural investor" – the individual or group that would take an engineering company making missiles or tanks and convert it to turning out cheap, state of the art consumer goods of high quality. "I haven't seen these yet," said the Russian consultant, "though there is plenty of activity in the market."

Mr Andrew Balgarnie of Morgan Stanley in Moscow said that "if the banks will not act as they should by getting the funds to the buinesses, then the only route is via share offerings. That's why this market is so important, and why it's so important to regulate it properly".

All companies now working in the securities markets, awash with shares because of *the speed of the privatisation* process, report growing activity on the part of domestic and foreign investors in a steadily rising market.

"There's more money available from foreigners than there are profitable or adequate *mechanisms to receive it,*" said Mr Balgarnie.

They see MMM as one of a number of rogue companies typical of the early stages of a money market – Russian commentators have likened it to the 18th century South Sea *Bubble and the 19th century* Panama Canal Scheme – and not as a bellwether for Russian capitalism as a whole.

Russian inflation, which was squeezed to under 5 per cent a month in June, hit 6 per cent in July and is set to rise this month and next to reach 10 per cent in September, according to Mr Alexander Livshits, the economic adviser to President Boris Yeltsin, *writes John Lloyd in Moscow.*

Mr Livshits said the central bank had issued or would have to issue at least 6,000bn roubles in credits shortly to cover the expenses of the harvest and to provision the northern cities in the Arctic Circle for the winter.

However, he expected the rate to fall again at the end of the year. He said it should now be possible to bring the monthly rate down to around 2 per cent a month in 1995, with a peak in the autumn of 6 per cent.

This relatively low rate allowed the central bank to again lower its three-month refinancing rate yesterday from 155 per cent annually to 150 per cent – the sixth reduction since April.

The refinancing rate has gone down with inflation from a peak of 210 per cent, though it has yet to stimulate much lending. Most Russian banks prefer to make money by acting as a depositor, by arbitrage and by offering other financial services, than by risking their capital in industry.

US approaches healthcare prescription

Jurek Martin on the final legislative stages of the Clinton search for health insurance for all

The battle for reform of the US healthcare system will reach its height this week as Congress and the public get a full sight of the two principal alternative bills on offer.

Today Senator George Mitchell, the majority leader, will unveil his version of healthcare reform for consideration next week by the Senate. It is likely to be significantly different from the bill proposed last Friday by the Democratic leadership in the House which will also go to the floor next week.

President Bill Clinton has already pretty much cleared his schedule to focus on the issue. Yesterday he was campaigning in New Jersey while tomorrow he will greet the first of the bus caravans of reform supporters arriving in Washington from all corners of the country to lobby Congress.

The president's weekend line during campaigning in President Harry Truman's old home town of Independence, Missouri, was to urge Americans not to shirk the challenge of healthcare reform and to praise the House blueprint, which is not dissimilar to his own even though it is now being touted by its sponsors as "not the Clinton bill".

Mr Mitchell, who conferred with the president yesterday morning, has already given some clues to his thinking, both in television interviews and in presentations to pro-reform lobbyists. He said he had urged representatives of organised labour and the elderly that "they should not let the perfect become the enemy of the very good".

As an inducement, he will propose that both prescription drug coverage and long-term home care for the elderly be included in any legislation. The Senate labour committee has endorsed this approach but its finance committee has not.

But Mr Mitchell's bill will not compel employers to pay a substantial portion of the insurance premiums of their workforces before the year 2002, and only then if a combination of subsidies to small companies and changes to insurance laws have not raised to 95 per cent the number of Americans with insurance coverage. Even then he envisages only a 50 per cent "mandate" on employers.

The House bill, sponsored by Mr Richard Gephardt, the majority leader, and very much along the lines of the measure already approved by its Ways and Means committee, would require employers to foot 80 per cent of the cost to achieve universal coverage by 1999. The president's plan also proposed 80 per cent mandates, to take effect by 1998.

Extensive subsidies to small companies to offset the cost are proposed. The national Medicare programme would be extended to cover the unemployed and part-time workers and those who cannot obtain workplace coverage, while changes to insurance laws would make it much harder to deny protection to those with long-term pre-existing medical conditions.

Frank: "fewer neurotics"

Gephardt: sponsored House bill

Mitchell: inducement for elderly

The real problem for both Mr Mitchell and Mr Gephardt is that each chamber is going to be looking across the Capitol building at the other, with the House especially nervous that it might end up passing a bill which, mostly because of the employer mandates and the extension of Medicare, will be unacceptable to the Senate.

That assumes, as is often the case because of its tighter procedural rules, that the House comes to a vote first. But, with both debating simultaneously, this usual order cannot be guaranteed.

No Republicans are expected to support the House bill, though Mr Mitchell's less ambitious plan could conceivably win the odd vote from the other side of the aisle in the Senate. Congressman Barney Frank, the Massachussetts Democrat, predicted passage in the House "because we have more Democrats and fewer neurotics".

Broadly speaking, the medical and insurance industries and most of big business (except the car companies) are dead set against the House bill and suspicious of Mr Mitchell's, though it may come to be seen as the lesser of two evils.

US index shows further rise in business activity

By George Graham in Washington

US purchasing managers reported a further increase in business activity in July, but warned that rising materials prices continue to be a concern.

The National Association of Purchasing Managers said yesterday that its monthly index of business activity rose slightly to 57.8 per cent in July, its highest level for six years.

Buyers questioned by the association reported that production and new orders continued to grow, and that their order backlogs were still lengthening.

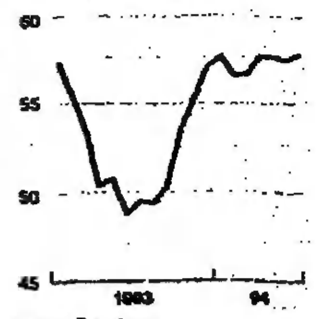
Mr Ralph Kauffman, manager of procurement at Oryx Energy and chairman of the NAPM's survey committee, said the index had averaged 57.4 in the first seven months of 1994.

Past experience indicates that if this average were sustained for all of 1994, real gross domestic growth should exceed 4 per cent, Mr Kauffman said.

Most stock market economists had been predicting a modest drop in the purchasing managers' index, which is one of the earliest indicators of economic activity in July. The federal government is due to publish its own forecasting gauge, the index of leading economic indicators for June, tomorrow.

Although the NAPM price index dropped slightly to 73.1, compared with 73.5 in June, reports of higher prices for raw materials spread more widely across different industrial sectors. Only the food industry reported generally lower prices.

US Purchasing Managers Index



Source Datastream

Among the purchasing executives questioned, 50 per cent reported they had to pay higher prices in July, while 44 per cent said prices remained the same. Only 6 per cent reported lower prices, mostly in agricultural products such as beef, pork, orange juice, corn, corn syrup and soyabean oil.

The Commerce Department, meanwhile, reported that personal income rose by 0.1 per cent in June, after seasonal adjustments, a slower rate of increase than in May or than predicted by most financial market economists.

Construction spending, Commerce said, rose by 0.2 per cent in June, also a smaller rise than expected.

Congress ponders change in foreign company tax

By Jeremy Kahn in Washington

The US Congress, desperate for funds to cover everything from healthcare reform to lost tariff revenue from trade treaties, is considering big changes in the way foreign corporations are taxed.

The Foreign Tax Compliance Act of 1994, introduced on Friday by a group of legislators that included Mr Richard Gephardt, the House majority leader, would drop the current arms-length accounting method when calculating the income of foreign-controlled companies. Under the arms-length principle, embraced in all international tax treaties, only income earned in a particular country or state is taxed by that government.

The bill proposes instead the use of an accounting method similar to California's worldwide unitary tax system, which the UK's Barclays Bank and Colgate-Palmolive of the US challenged unsuccessfully in US courts. Under the unitary method a company's tax is calculated by multiplying its worldwide income by a factor based on the proportion of its operations in a particular country or state.

Mr Gephardt asserted that almost 75 per cent of foreign-controlled corporations avoided paying any US taxes under the current accounting system. He said it was time they "pay their fair share".

The bill would also end the tax deferral on profits stemming from the overseas operations of US companies, in an attempt to discourage US corporations from moving manufacturing jobs abroad.

The lawmakers introducing the act said the tax changes could raise more than $10bn (£6.4bn) and would help President Bill Clinton make good on a campaign pledge to remove incentives for US companies to cut domestic jobs.

"Everyone's looking for money," said Mr Byron Dorgan, a Democratic senator from North Dakota. "There's a source of money out there that's obvious."

Mr Dorgan added that the act could be tacked on to appropriations bills for healthcare reform or for the implementation of the Uruguay Round of the General Agreement on Tariffs and Trade, increasing the likelihood that the tax legislation might pass.

Mr Willard Berry, president of the European-American Chamber of Commerce, said he would lobby hard against the tax act. "This might be more of a serious effort" than previous attempts to soak multinational corporations, he said.

Altman 'will not resign' over Whitewater briefing

By Jurek Martin in Washington

Mr Roger Altman, deputy secretary of the Treasury, denied yesterday he was thinking of resigning over briefings he gave the White House on the status of regulatory investigations into the bankrupt savings and loan company implicated in the Whitewater affair. Asked in a morning television interview if he might be made the "fall guy," he replied: "I know a lot of people think I am going to be, but I don't think so."

Mr Altman is due to appear today before the Senate banking committee holding hearings on the Whitewater affair, which has its origins in the Clinton family's financial and land dealings in Arkansas in the 1970s and 1980s.

Senator Al D'Amato, the New York Republican, said on Friday he had information that Mr Altman's briefings on the possibility of criminal charges in the case of the Madison Guaranty savings and loan went into detail beyond that previously disclosed.

But Mr Altman countered yesterday that he had been cleared twice of any criminal and ethical wrongdoing by Mr Robert Fiske, the independent counsel on Whitewater, and, on Sunday, by the office of government ethics, a non-partisan federal agency.

The office did say that some contacts between treasury and the White House, while not unethical, were "troubling," Mr Altman conceded yesterday. Other administration officials conceded last week that "poor judgments" were made.

Mr Altman also denied he had misled Congress last February, as Mr D'Amato has alleged. He had corrected the record of his testimony because he did not know at the time of two meetings last autumn. "I've always thought that amending the record was something constructive to do, not a bad thing to do," he said.

The banking committee was also due later yesterday to hear from Ms Jean Hanson, the Treasury's legal counsel, whose recollections of various meetings she attended appear to be at odds with those of Mr Altman and Mr Lloyd Bentsen, the Treasury secretary.

In the morning, officials from the Resolution Trust Corporation, the agency established to handle the savings and loan bankruptcies of the 1980s, testified that no one in the Clinton administration had tried to influence their investigations into Madison Guaranty. This was owned by Mr James McDougal, partner of the Clintons in the Whitewater land investment.

Argentina braced for general strike

By John Barham in Buenos Aires

Argentina's opposition parties and breakaway trade unions say they will bring the country to a halt today with a general strike to protest against the free-market policies of President Carlos Menem.

The strike follows a march by the same groups three weeks ago that brought 100,000 protesters to Buenos Aires in one of the largest anti-government demonstrations since Mr Menem took office in 1989.

Mr Menem attacked the strike call as "capricious" and declared it illegal. Mr Domingo Cavallo, the economy minister, predicted the strike would be a "failure". He added: "It is political. It is clearly illegal." Mr Armando Caro Figueroa, labour minister, warned that declaring the strike illegal would allow employers to sack striking workers.

Previous general strikes against Mr Menem's Peronist government by the Peronist-dominated CGT union confederation have been half-hearted and have always failed. Mr Menem has skilfully co-opted union leaders while restricting union rights first granted by the movement's founder, Juan Perón, when president in the late-1940s and mid-1970s.

However, pressure is coming from public-sector unions that quit the CGT and from younger industrial union leaders who feel unrepresented by the Peronist old guard. They are allied to the Frente Grande, a rising opposition party comprising disaffected Peronists and leftists, which is prominent in organising the strike.

The strike call follows the government's announcement last week of a sharp rise in unemployment. Unemployment, measured twice a year, rose to a record 10.8 per cent in May from 9.9 per cent in October last year.

Haiti declares state of siege after UN vote on force

Haiti's de facto government declared a state of siege early yesterday, hours after the United Nations voted to approve a US resolution allowing the use of force to remove its military leaders, Reuter reports from Port-au-Prince and Washington.

In a decree read over state-run television and radio, provisional President Emile Jonassaint called the UN vote "arbitrary, iniquitous and in violation of international rights".

He gave no details of what the state of siege entailed but reiterated Haiti was ready to fight against any foreign intervention.

The UN Security Council had voted 12-0 to approve a resolution allowing the US to invade Haiti, should it choose, to remove the military leaders who took power in a bloody September 1991 coup. President Bill Clinton has refused to rule out military action to oust the coup leaders but US officials have repeatedly said an invasion is not "imminent".

Ms Madeleine Albright, US ambassador to the UN, said yesterday that despite the UN action an invasion of Haiti was not the only option to force out Haiti's military rulers. She said the military rulers could leave "voluntarily and soon or involuntarily and soon", but would not define "soon".

Radio stations said that under the declaration all civil power was transferred to the military. Meetings could be dispersed, media outlets could be closed, searches could be carried out without warrants and a curfew could be imposed.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

UNITED STATES

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	9.0	8.9	8.00	10.59	n.a.
1986	13.5	8.3	6.49	7.67	3.43
1987	11.6	6.5	6.82	8.39	3.12
1988	4.3	5.2	7.65	8.84	3.61
1989	1.0	3.8	8.99	8.49	3.43
1990	3.7	5.3	8.06	8.54	3.60
1991	5.9	3.3	5.87	7.85	3.21
1992	12.4	2.4	3.75	7.00	2.95
1993	11.6	1.1	3.22	5.88	2.78
3rd qtr.1993	12.2	1.4	3.18	5.61	2.76
4th qtr.1993	10.5	1.4	3.34	5.59	2.73
1st qtr.1994	9.8	2.2	3.52	6.06	2.75
2nd qtr.1994	7.5	2.0	4.40	7.07	2.90
August 1993	12.2	1.3	3.18	5.68	2.76
September	11.7	1.4	3.18	5.35	2.73
October	10.9	1.1	3.26	5.32	2.71
November	10.4	1.4	3.40	5.70	2.74
December	10.1	1.7	3.35	5.74	2.74
January 1994	8.7	2.0	3.20	5.71	2.72
February	10.0	2.1	3.49	5.97	2.74
March	9.8	2.5	3.84	6.47	2.80
April	9.0	2.6	4.05	6.94	2.91
May	7.1	2.0	4.54	7.17	2.91
June	6.5	1.5	4.57	7.08	2.89
July			4.75	7.28	2.91

JAPAN

	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	5.0	9.3	6.62	6.51	n.a.
1986	6.9	8.2	5.12	5.35	0.64
1987	10.5	11.5	4.15	4.64	0.55
1988	8.4	10.4	4.43	4.77	0.54
1989	4.1	10.6	5.31	5.22	0.48
1990	2.6	8.5	7.62	6.91	0.65
1991	5.2	2.0	7.21	6.37	0.75
1992	4.5	−0.4	4.28	5.25	1.00
1993	3.0	1.4	2.83	4.16	0.87
3rd qtr.1993	3.3	1.9	2.83	4.25	0.80
4th qtr.1993	3.5	1.4	2.14	3.57	0.84
1st qtr.1994	4.7	1.9	2.05	3.68	0.82
2nd qtr.1994	5.3	1.5	2.07	4.06	0.76
August 1993	3.5	1.7	2.93	4.27	0.79
September	2.6	1.8	2.48	4.09	0.79
October	3.7	1.8	2.30	3.85	0.80
November	3.3	1.5	2.22	3.64	0.84
December	3.4	1.4	1.90	3.25	0.88
January 1994	4.2	1.6	1.96	3.34	0.85
February	4.8	1.5	2.05	3.60	0.80
March	5.2	1.9	2.13	4.08	0.79
April	5.9	2.2	2.13	4.03	0.80
May	5.0	1.7	2.08	3.90	0.78
June	4.9	1.5	2.01	4.24	0.72
July			2.02	4.32	0.73

GERMANY

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.4	5.1	5.45	6.94	n.a.
1986	9.9	6.7	4.61	5.90	1.79
1987	9.0	7.3	4.03	6.14	2.21
1988	9.8	6.4	4.34	6.48	2.61
1989	6.3	5.7	7.11	6.94	2.22
1990	4.5	4.5	8.49	8.71	2.11
1991	5.1	5.6	9.25	8.44	2.38
1992	7.0	8.2	9.52	7.77	2.45
1993	9.4	7.9	7.28	6.44	2.11
3rd qtr.1993	9.9	8.1	6.82	6.34	2.01
4th qtr.1993	8.6	7.5	6.34	5.83	1.79
1st qtr.1994	11.1	11.6	5.86	5.93	1.75
2nd qtr.1994	11.3		5.28	6.71	1.72
August 1993	10.1	8.3	6.62	6.34	1.98
September	9.5	7.3	6.63	6.12	1.96
October	9.2	6.4	6.64	5.93	1.85
November	8.4	7.3	6.31	5.86	1.82
December	8.1	8.8	6.11	5.71	1.69
January 1994	11.8	11.4	5.90	5.63	1.71
February	11.0	11.9	5.91	5.87	1.77
March	10.5	11.4	5.84	6.27	1.76
April	11.6	10.8	5.61	6.43	1.88
May	11.2	10.6	5.20	6.63	1.87
June	11.3		5.07	7.05	1.80
July			4.97	6.90	1.79

FRANCE

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	6.2	7.4	10.03	11.74	n.a.
1986	6.9	6.6	7.79	8.74	2.65
1987	4.1	9.9	8.26	9.46	2.75
1988	3.9	8.5	7.94	9.08	3.69
1989	7.5	9.5	9.39	8.79	2.88
1990	3.7	9.2	10.32	9.92	3.19
1991	−4.9	2.7	9.62	9.03	3.58
1992	−0.2	5.6	10.36	8.57	3.55
1993	1.4	−1.7	8.55	6.75	3.21
3rd qtr.1993	−0.7	0.6	7.74	6.38	3.14
4th qtr.1993	1.4	−1.7	6.74	5.92	3.01
1st qtr.1994	3.1	−4.3	6.29	5.99	2.85
2nd qtr.1994			5.73	7.03	2.97
August 1993	−1.3	0.6	7.93	6.33	3.06
September	−0.7	0.6	7.29	6.12	3.08
October	0.5	−0.2	6.99	5.95	3.02
November	−1.5	−1.1	6.74	6.02	3.07
December	1.4	−1.7	6.52	5.79	2.94
January 1994	2.1	−3.0	6.31	5.66	2.82
February	2.7	−3.9	6.30	5.93	2.81
March	3.1	−4.3	6.25	6.37	2.90
April	6.3	−3.3	6.01	6.65	2.89
May	2.0	−4.5	5.65	6.94	2.86
June			5.57	7.48	3.14
July			5.55	7.38	3.09

ITALY

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	13.2	13.5	14.34	13.71	n.a.
1986	10.5	8.2	13.25	11.47	1.41
1987	10.4	9.8	11.32	10.58	1.94
1988	7.8	6.9	11.24	10.54	2.71
1989	7.1	8.2	12.41	11.61	2.46
1990	8.3	9.1	11.98	11.87	2.84
1991	7.3	8.0	11.83	13.20	3.45
1992	6.7	7.5	13.88	13.29	3.63
1993	4.4	7.0	10.22	11.23	2.35
3rd qtr.1993	4.8	7.8	9.38	10.27	1.89
4th qtr.1993	7.1	7.9	8.89	9.10	2.02
1st qtr.1994	7.7	7.6	8.42	8.38	1.60
2nd qtr.1994			7.98	9.65	1.54
August 1993	5.2	8.0	9.35	10.08	1.83
September	6.1	8.7	9.18	9.66	1.85
October	5.4	7.3	8.87	9.04	1.94
November	8.4	8.6	9.08	9.34	2.15
December	7.4	7.8	8.72	8.94	1.97
January 1994	5.9	6.6	8.44	8.89	1.88
February	7.7	7.6	8.37	8.78	1.74
March	9.8	8.5	8.43	9.46	1.77
April	10.5	8.4	8.11	9.07	1.58
May	9.8	7.4	7.80	9.38	1.49
June			8.03	10.46	1.57
July			8.43	10.70	1.54

UNITED KINGDOM

	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.7	13.2	12.32	11.03	n.a.
1986	4.0	15.3	11.02	9.97	4.35
1987	4.7	14.6	9.77	9.52	3.60
1988	6.8	17.0	10.41	9.69	4.49
1989	5.9	17.5	13.96	10.30	4.36
1990	5.3	16.1	14.82	11.53	5.07
1991	2.4	8.0	11.58	10.04	4.97
1992	2.4	5.1	9.73	9.09	4.91
1993	4.9	3.6	5.99	7.40	4.01
3rd qtr.1993	5.4	3.5	5.98	7.13	3.91
4th qtr.1993	5.5	4.3	5.61	6.61	3.75
1st qtr.1994	5.4	5.4	5.31	6.72	3.57
2nd qtr.1994	6.6	5.6	5.23	8.12	4.00
August 1993	5.6	3.6	5.91	7.00	3.83
September	5.5	3.5	5.96	6.91	3.88
October	5.4	3.7	5.83	6.61	3.67
November	5.1	4.5	5.96	6.77	3.84
December	5.9	4.8	5.40	6.28	3.61
January 1994	5.2	5.1	5.44	6.22	3.48
February	5.5	5.4	5.27	6.61	3.49
March	5.6	5.7	5.23	7.29	3.74
April	6.0	5.6	5.29	7.68	3.87
May	7.0	5.4	5.22	8.13	3.98
June	6.9	5.7	5.18	8.54	4.18
July	6.5		5.29	8.38	4.11

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. **Interest rates:** short-term, period averages of US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. **Equity market yield:** period averages of the gross dividend yield on the relevant FT-A world index.

NEWS: WORLD TRADE

Japan unmoved and immovable

Michiyo Nakamoto on a quiet confidence in the face of US sanctions threat

The announcement by the US on Sunday that it was launching sanctions proceedings against Japan has sent the yen on an upward course again, much to the dismay of Japanese business, and added to the tension in relations between the two countries.

Despite the threat of higher tariffs on selected Japanese goods implicit in Washington's decision to call the Japanese government's procurement practices discriminatory against foreign companies, the mood in Tokyo yesterday was confident and composed.

"It is not a US-Japan trade war yet. We are far from a collapse in the relationship," one Japanese trade official said.

Japanese officials are less threatened by the possibility of sanctions, the deadline for which decision is the end of September, than throughout most of the history of US-Japanese trade tension when the danger of retaliatory action by the US was usually enough to cow Japan into compliance.

They are well aware that despite the harsh words, the US has usually been extremely cautious about resorting to sanctions and that even if they were to be imposed, restricting government procurement of Japanese-made goods, the impact on Japanese industry would not be devastating.

At the same time, the self-assurance that is evident among Japanese trade negotiators reflects a conviction that on this issue at least, Japan not only needs to, but can, stand up for what it believes is both right and reasonable.

"What we are saying is reasonable and what they are saying is not," says one.

For one thing, Japanese officials are confident that their stance against US demands for objective criteria has widespread public support, not only at home but among influential academic and business circles in the west as well.

The main difference that led to the breakdown of the talks over the weekend centred on the issue of what objective criteria the two sides might adopt to monitor progress in opening Japan's government procurement market to foreign products.

The US has insisted that the two sides adopt certain benchmarks to measure whether there has been progress in foreign penetration. This, it says, is what was agreed in the framework agreement and cannot be compromised. "The framework language is the bottom line for us," a US official said yesterday.

Japan, however, has been immovable in its determination to avoid agreeing to any kind of measurement that could later be construed as a guarantee that progress would be made.

Japanese officials fear that any further compromise on this issue would create a dangerous precedent for the private sector issues, such as car and car parts, that are still deadlocked by the same point of contention. And on this point, they are confident that by resisting US calls for action that could lead to managed trade, Japan is seen to bear the torch of free trade not only at home but even among many of those who shape public opinion in the US.

That conviction was given a strong boost in February, when failure to reach agreement with the US on the framework talks led to a temporary suspension in the negotiations that was greeted with turmoil on the currency markets.

"It was a psychological learning experience," one Japanese official said. "Japan had never rejected the US before," and the firm stance it took against the US at the time taught Japanese officials that it could be done.

Furthermore, Japanese officials insist that the changes it has proposed to its government procurement system makes Japan one of the most transparent markets in the world.

"Our feeling is that we do not understand why Japan should be named as discriminating in government procurement when we have introduced clear and transparent procedures that easily clears requirements under Gatt (General Agreement on Tariffs and Trade) and makes Japan the most transparent country after the US," moaned one Japanese official.

The US claims Japan's government procurement procedures discriminate against foreign suppliers by limiting access to early information on upcoming procurements, relying on an informal network of domestic suppliers, not giving sufficient consideration to the technical merits of a tender and, in the telecom sector, developing technical specifications that favour domestic suppliers.

In response, Japan has already offered to make early announcements of procurement plans, consult suppliers before determining specifications and lower the threshold of government contracts that will go to international tender.

The Japanese say that if the US had studied these Japanese proposals well, it would have seen that transparency in the Japanese market was being promoted.

"Washington did not evaluate Japan's package to improve foreign access to the government procurement market sufficiently," Mr Hideaki Kumano, vice minister for international trade and industry said yesterday.

But even more fundamentally, Japanese officials contest US claims that the Japanese government procurement market is any more closed than markets in other countries.

"We are not sure whether the statistics which the US use to claim that Japan is closed are authentic," one Japanese official noted. In the field of medical equipment, for example, the US claims that US companies' share of the EU market is 40 per cent. But if cross-border sales are included, as they are according to Gatt calculations, the US share of the EU market is 16.4 per cent, which is not that much higher than the 15.4 per cent US share of Japan's government procurement market of medical equipment.

What is more, Japanese purchases of US products in telecoms and medical equipment is 10 times as much in value as US purchases of Japanese telecoms and medical equipment, an official of the ministry of international trade and industry says. If a trade surplus signifies closed markets, as the US claims, the US surplus in this case must mean its government procurement market is closed, he adds.

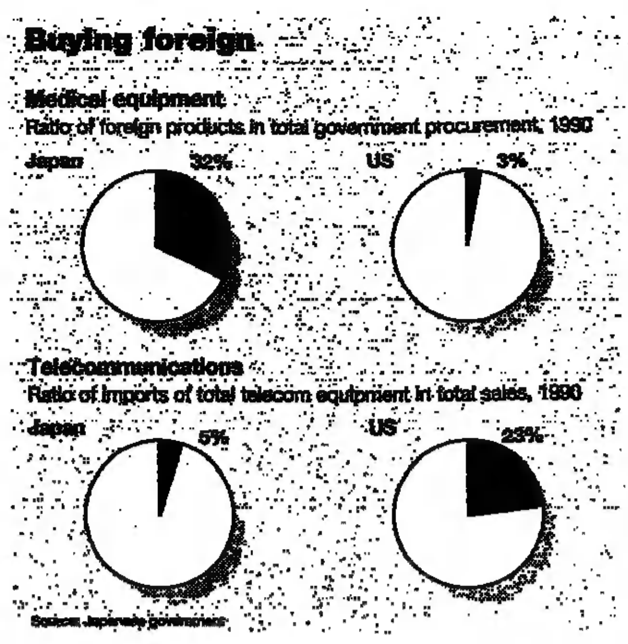
Japan believes that it has a strong card in its offer to lower the threshold of procurement contracts much closer to US demands. But even this will not be enough unless the two sides can get over their differences regarding objective criteria which prevented discussion of all other issues at the latest round of talks.

The US is crossing its fingers in the hope that as the deadline approaches, Japanese officials will change their mind and adopt a more flexible stance on criteria. The need for qualitative and quantitative measures of progress was accepted by Japan at the time the framework agreement was signed.

"At some point the political commitment is going to filter down to the bureaucracy," says one US official.

But barring any second thoughts by a political leadership that is fully occupied with shaping its own political identity and has left the trade agenda largely in the hands of a trusted bureaucracy, there are few signs that the Japanese stance will change.

"We have moved as much as we can. It all depends on the US," a Japanese official insists.



HARD TO CRACK HIGH-TECH TOKYO GOVERNMENT MARKET

Foreign companies trying to sell high technology equipment to the Japanese government can recount many trying experiences, such as the tale of GE Yokogawa Medical, a US-Japanese joint venture company specialising in high-tech medical equipment, Michiyo Nakamoto writes.

GE Yokogawa Medical says its biggest problem has been the low prices at which Japanese government institutions must buy medical equipment. Since the budget for procurement is very low, considering the high technology that goes into the machines, it is impossible for a company like GE Yokogawa to make profits on a deal. The company, which spends high sums on research and development to develop its sophisticated medical equipment, complains that the government does not know on what basis the budget is actually determined.

GE Yokogawa contends that once the procurement price is set, Japanese companies, which have not spent heavily on R&D, are able to develop equipment that meets the price requirement regardless of the quality of the machines.

The company says that deals are often made on the basis of relationships rather than on the merits of the equipment. "We have been in this market for over 10 years and have finally begun to develop relationships in the sector," a GE Yokogawa official said.

The official said notes a further Another barrier to business was that a wide range of medical equipment, particularly new products that are commonly sold in the US, cannot be imported into Japan simply because the Ministry of Health and Welfare will not accept them as medical equipment: "They must be keeping them out of the country until Japanese companies develop similar equipment."

Qatar, Spain and France in jet deal

By David Buchan in Paris

Mr François Léotard, the French defence minister, yesterday flew to Qatar to seal an unusual triangular deal involving the Gulf state buying a dozen Mirage 2000-5 jets from France and selling the same number of the older-generation, French-made Mirage F1 fighters to Spain.

Dassault, which makes the Mirages, said yesterday it was awaiting an official communiqué from the French and Qatari governments before commenting.

But according to French press and diplomatic reports in Qatar, the deal would meet Qatar's desire to update its air force with Mirage 2000-5s, in service with the French air force but so far only ordered by Taiwan, and Spain's need for a stop-gap reinforcement of its air force, which is awaiting delivery of the long-delayed Eurofighter.

Spain remains a member of the four-nation Eurofighter programme, delayed by German hesitations and financial problems, but in the interim wants to increase the number of its front-line fighters.

Spurning a US offer of F-16 fighters, which do not already figure in its inventory, Madrid has decided to add to the 50 Mirage F-1s it already possesses by taking a dozen second-hand ones from Qatar and paying for five more direct from France by giving Paris a couple of CN-235 transport aircraft.

Newspaper reports said Spain would pay some $130m for the old aircraft.

The sale of new Mirages to Qatar and second-hand ones to Spain will provide a welcome boost to the French arms industry, which last year saw its exports fall 33.5 per cent in value, after the 20 per cent increase posted in 1992, thanks to Taiwan's order of 60 Mirage 2000-5s. In addition to Dassault, Thomson and Sagem are expected to win the contract to fit new avionic equipment in the Mirage F-1s for Spain.

The Matra defence arm of the Lagardère group yesterday announced that it had won a FFr1.5bn ($280m) contract to equip the Mirages with Mica and Magic missiles for Qatar.

NEWS IN BRIEF

UAE in move to harmonise tariffs

The United Arab Emirates, trying to harmonise rules within the seven-member federation in preparation for a possible Gulf Arab common market, yesterday began levying a 4 per cent tariff on most imports, Reuter reports from Dubai.

Before the rule took effect, customs departments throughout the UAE were charging different tariffs. The Higher Council of Tariffs said tobacco imports, which already attract a 30 per cent government tax, would in addition pay the new 4 per cent duty. The tobacco tariff might go up to 50 per cent, under a government plan to discourage smoking.

Free-port boost for Penang

The Malaysian state of Penang, once home to one of the British East India Company's most important Asian ports, is set to reclaim its status as a big trading centre in south-east Asia following approval for Butterworth to become a free port, writes Christine Hill in Kuala Lumpur.

Singapore is now the most important free port in the region. Seventy-five per cent of all intra-Asean trade, most of which is later shipped on to third countries, goes through the island state. Strategically located along the Straits of Malacca, Penang's shipping business declined in the 1960s for political reasons. The Malaysian government withdrew the state's free-port status.

Indonesia to upgrade airports

Indonesia plans to boost trade links with neighbouring Malaysia, Brunei and the Philippines by upgrading airports and ports in Sulawesi and Kalimantan islands to international standards, Reuter reports from Jakarta. "The airports and ports in the two islands will be upgraded to accommodate bigger planes and ships," said an official from the Co-ordinating Ministry for Industry and Trade, adding that the expanded airports would serve international routes to Asia, the US and Europe.

The ministry earlier said the Sepinggan airport in Balikpapan, East Kalimantan, would be upgraded with Japanese funding. Japan's Overseas Economic Co-operation Fund would provide $150m for the project while $125m would come from the Asian Development Bank for the expansion of the Sam Ratulangi airport in Manado, Sulawesi.

Aircraft outlook remains stable

Fokker, the aircraft maker controlled by the Dasa unit of Daimler-Benz, yesterday said it expected 3,500 aircraft with 40 to 125 seats to be sold by the industry in the next 20 years, Reuter reports from Amsterdam.

Its market outlook for the period 1993-2013 – little changed from a year ago – sees demand for 1,300 aircraft with 40 to 69 seats and 2,200 aircraft with seating capacity of 70 to 125. The US and Europe will be the main markets, where 36 and 30 per cent of the new aircraft will be sold respectively. Half of the demand for the smaller aircraft results from growth in air traffic, the other half from replacement needs. Of the new 70-125 seaters, 25 per cent will be sold to meet growth.

Demand for 70-125 seaters such as the Fokker 70 and the Fokker 100 fanjets will peak at around 140 in 1997. After the year 2000 the market will stabilise at an annual 100 aircraft.

Vietnam takes refinery bids

Vietnam expects demand for oil products to outstrip supply by the time its first $1.2bn refinery is on stream in 1999 and is taking bids for its second refinery, agencies report from Hanoi.

US companies are submitting offers following the lifting of Washington's economic embargo against Vietnam. A consortium led by Oklahoma-based Jopec and Canada's Saint Martino has already made a proposal, the weekly Vietnam Investment Review reported. A Houston-based company, Plant Processing Equipment, would handle technical work, it added.

The bid was the first made public for the second refinery plan but stiff competition is expected. Vietnam exports most of its crude oil to Japan and Singapore and imports refined products.

Italy to upgrade ticket system

Italy's state railroad has awarded Olivetti, the Italian computers group, and IBM of the US a contract to modernise the ticket-dispensing system in the 500 main Italian train stations, AP-DJ reports from Milan.

The state railroad said that when the multi-year supply agreement was completed the value of the accord should exceed L400bn ($256m). The agreement involves the installation of 1,400 "intelligent machines" for ticket dispensing at booths in the stations as well as 300 self-service ticket machines.

Under the terms of the eight-year contract, Olivetti and IBM will also provide the maintenance and base software, train personnel to service the machines, manage technical services and establish a national supervision and control centre.

Oman and India agree $850m venture

By Robin Allen in Muscat

Oman and India have signed an agreement for the construction of a 50-50 joint venture urea export fertiliser plant at Sur on the Arabian Sea coast 200km south of Muscat. A memorandum of understanding for the $850m venture was signed by the state-owned Oman Oil Company (OOC) and India's chemicals and fertiliser minister, Mr Ram Lakhan Singh.

The Indian government will buy the entire output from the Indian joint venture partners, Maharashtra-based Rashtriya Chemicals & Fertilisers and Gujarat-based Krishak Bharati Co-operative. The urea plant will have a capacity of 1.4m tonnes a year. Construction will start in 1996 with completion planned for 1999.

India will pay Oman at prevailing market prices. The agreement in principle to build the plant was reached last year during a visit to Oman by India's prime minister, Mr P V Narasimha Rao.

Sur was chosen as the construction site because of its natural harbour for terminal and loading facilities and proximity to Oman's centrally located gasfields at Fahud, Yibal, Huwaisah, Saih Rawl, Barik and Huraymah.

It is also the nearest Omani port to the off-loading terminals on India's Gujarat coast.

Oman has been quick to seize on the potential of India and Asia as export markets for its natural resources. India's demand for fertilisers has been rising 3-4 per cent a year.

The venture with India is part of Oman's strategy to broaden its export base and diversify. Oil production amounts to 800,000 barrels a day and with gas is responsible for three-quarters of annual budget revenue.

About one-third of Oman's gas reserves are now committed to Asian markets under the Oman Liquefied Natural Gas Company, a joint venture between the government, three foreign shareholders of Petroleum Development Oman, and three Japanese companies.

The oil sector is handled by the Oman Oil Company, which negotiates with western oil companies and seeks downstream export markets. It is also involved in various ventures including the urea export plant, pipelines and refineries.

EU steel 'dumping' row

By Christopher Parkes in Frankfurt

European Union steelmakers are to file an anti-dumping complaint, alleging Czech and Hungarian structural steel suppliers have undercut EU prices by up to 50 per cent.

The east Europeans increased their EU market share almost threefold to 9 per cent last year, and had captured 27 per cent of total German sales by the final quarter, the Düsseldorf-based federal steel association said yesterday.

Czech suppliers had been particularly aggressive, it added, raising their share in Germany from an average 5 per cent in the first nine months of 1993 to more than 18 per cent in the final quarter.

The complaint regarding structural steel, widely used in construction, will be posted later this week by the EU's Eurofer industry group, which will claim unfair tactics are costing western steel companies DM320m (£130m) a year.

According to German data, Czech manufacturers had an average 1.7 per cent share of the EU market for structural steel in the first three quarters of last year.

This climbed to 5.1 per cent in the final three months and had fallen to 4.6 per cent in the early part of the current year, association officials said yesterday.

The Hungarians' share had gone from 1 per cent to 3.2 per cent and had latterly eased to 3 per cent.

Latest figures showed Czech suppliers' share had slipped to 16.7 per cent in Germany, while the Hungarians had maintained their stake at 9 per cent.

Meanwhile, the German association said further possible complaints were under investigation.

Suspicions had been roused, for example, by data showing imports of finished steel products from the Czech Republic had more than doubled in the first quarter of this year.

Mercosur deal reached

By John Barham in Buenos Aires

Argentina and Brazil have overcome the principal obstacle to the implementation of Mercosur – the planned four-nation customs union that also includes Paraguay and Uruguay – by reaching a compromise on the trade pact's future common external tariffs.

Economy and foreign ministers from Argentina and Brazil, meeting near Buenos Aires at the weekend, drew up a detailed pact on the customs union planned to come into force on January 1 next year.

The presidents of the four countries will meet in Buenos Aires on Friday for a summit at which they are expected to approve the compromise.

A dispute between Argentina and Brazil – the region's largest economies – over common import duties for capital goods, telecommunications equipment and computers had threatened to undermine Mercosur.

Argentina levies no duties on the import of these products, whereas Brazil has always protected its local high-tech manufacturers.

The two have met half-way, with Brazil accepting a lower tariff for these goods and Argentina agreeing to abandon its zero tariff for capital and high-tech goods.

Argentine and Brazilian negotiators have also agreed on a detailed list of products which will receive special protection after January. They account for about 15 per cent of bilateral trade. These privileges will be gradually reduced over the coming years and will end in 2005.

In addition, Brazil and Argentina also agreed on special treatment for their free trade zones in Manaus and Tierra del Fuego.

These zones – which import components free of duty, assemble them and "export" the finished goods to their domestic markets – will be allowed to continue operating after 1995, paying the applicable Mercosur tariff when goods are exported to another member country.

Nigeria strike brings big oil price rise

By Robert Corzine

Oil prices yesterday rose above $19 a barrel for the first time in more than a year as markets reacted to fears of further production cuts in Nigeria.

The decision by striking Nigerian oil unions to boycott planned talks yesterday with the military government triggered the latest price rises.

The benchmark Brent Blend for September was quoted at $19.10 a barrel in late London trading, up about 55 cents from its close on Friday, and its highest price for 15 months.

The two main Nigerian oil unions, Nupeng and Pergasson, are demanding the release from custody of Mr Moshood Abiola, the apparent winner of last year's presidential election, as a condition for returning to work. Mr Abiola is being tried for treason.

The unions have also demanded an end to widespread corruption in the industry and improved conditions.

Shell, the largest foreign oil company operating in Nigeria, accounted for about half of Nigeria's output of 1.95m barrels a day before the strike by petroleum workers began more than three weeks ago. Yesterday it said output at its fields was down by more than a third from normal levels.

The biggest fall in production is thought to be at the onshore oil fields of Forcados and Bonny. Shell and the other western oil companies active in Nigeria are thought to be concentrating their efforts to maintain offshore production, mainly using expatriate staff.

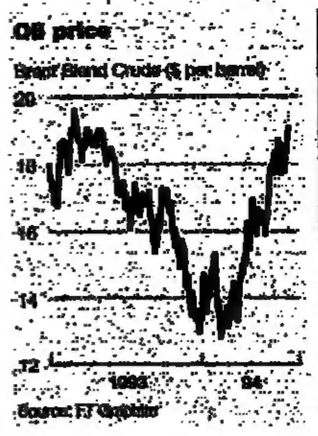
Although Nigeria accounts for only 3 per cent of world oil production, about 1.6m barrels of its 1.95m barrels of normal daily output is exported, mainly to the US.

The disruptions in the Nigerian supply coincide with rising world demand for oil and high rates of capacity utilisation. Industry experts estimate that there is only 2m-3m barrels a day of unused production capacity in the world.

The possibility of a complete cut-off of Nigerian supplies from world markets is low, according to Mr Joe Stanislaw, an analyst at Cambridge Energy Research Associates in Paris. "But the theoretical possibility of it happening is having a significant psychological effect on relatively firm oil markets."

Mr Peter Gignoux, head of the energy desk at the London office of US brokerage house Smith Barney, said the "cohesive and aggressive behaviour" of the Nigerian unions had taken many international oil traders and companies by surprise.

He noted that the strikers had raised safety and environmental issues that could complicate the future position of western oil companies in Nigeria.



Countdown to confrontation amid growing divide

Paul Adams on the mood in Nigeria as military leaders remain unmoved by strike

Nigeria yesterday began a countdown to confrontation as the country's military rulers remained unmoved by trade union demands to release detained opposition leader Moshood Abiola or face a general strike set to begin tomorrow.

An oil workers strike has already seen production cut by a fifth, adding to the strains of a struggling economy.

In Lagos, the country's main city the streets of the main business area, normally jammed with traffic, were almost empty except for thousands of workers beginning a long walk home.

Buses were off the road, banks were closing, traders locked up their stalls early. Motorists gave up the search for scarce petrol and abandoned their cars in the long queues outside filling stations to avoid the clashes between street gangs and armed police which have broken out in Lagos Island in the last week.

"It is difficult to tell who are real strikers and real demonstrators because these protests are often taken over by area boys [the Lagos term for the young thugs who steal and extort from the public]," says a businessman in Lagos.

The pro-democracy groups and trade unions are using threats to back up their appeals for the private sector not to break the strike. Commercial banks that employ non-union staff are taking seriously last week's anonymous letters threatening reprisals against strike breakers.

Meanwhile in the relative calm of Abuja, the country's capital located in central Nigeria, the leaders of Nigeria's ruling armed forces held their last meeting before the impending test of strength.

Since June when General Sani Abacha's regime arrested Mr Abiola for claiming the presidency a year after his unofficial victory in an election annulled by the military, the government has tried everything except compromise, and their support in the armed forces and among sympathetic trade union leaders is fast declining.

The generals in Abuja face a choice between dialogue and getting tough. The doves are represented by the second in command, Lt Gen Oladipo Diya, and the hawks' line has been kept in the ascendant by the most influential civilian, secretary to the government Mr Aminu Saleh.

Support for the unions and democracy campaigners is not universal in Nigeria. The four-week oil workers strike has not been observed by the unions' members in the north, where the Kaduna oil refinery is operating normally. The east of Nigeria has seen much less disruption than the south-west. But civil unrest and strikes in the south brought down Gen Ibrahim Babangida, the last military head of state, last August and enabled Gen Abacha to ease out the short-lived civilian interim government in November.

The present regime looks vulnerable but the chorus of opposition to military rule in Nigeria and abroad may, some western diplomats argue, have reduced the chances of another military coup, for no would-be successor to Gen Abacha can be in any doubt that only a handover to civilians will satisfy domestic expectations or international demands.

Others are less sanguine, for some officers may see Gen Abacha as part of the problem unless he rapidly comes up with a political solution.

The views of the US, the dominant international influence on Nigeria, were bluntly expressed by Rev Jesse Jackson after his visit there last week: military rule is unacceptable to Nigeria's friends and trading partners abroad and isolation or punitive measures will increase until there is civilian government.

Abiola: 'a little clemency could defuse the tension'

Whether this threat can be put into practice is another matter. Nigeria receives little aid, export credit facilities are minimal, and it is not self-evident that an oil embargo – even assuming UN approval – would bring the desired result.

For the people in the Yoruba dominated south west, civilian rule means their kinsman, Mr Abiola, as president, possibly heading a coalition to heal the regional divisions widened by the year-long political crisis. The National Democratic Coalition, which pushed Mr Abiola into the forefront earlier this year, wants such a government to call a sovereign national conference which would try to re-distribute power and wealth more evenly and end the string of military coups since independence in 1960.

The more pressure builds up the harder the government seems to find it to compromise. "They seem inflexible. Everyone knows that releasing Abiola is the answer," says a military expert in Lagos. "But nearly 30 years in power have made the military arrogant. They will not bend to the will of civilians."

If the government chooses the hard line, a state of emergency, curfews and troops on the streets could soon be in place and the dark warnings of bloodshed by Mr Jackson could be realised. The deciding factor may be the message from the commanding officers about the loyalty of the army if called upon to fight civilians.

The delegates at the constitutional conference, who have shown no sympathy for Mr Abiola's cause, have decided to try to mediate in the dispute, urging Gen Abacha to release Mr Abiola. "A little clemency could defuse the tension," says one delegate outside the conference in Abuja.

Yet for millions in Lagos and the south west there already seems a widening divide between them and the military regime associated with the Hausa-Fulani north. Few in Lagos believe that the soldiers in Abuja can bridge that increasingly dangerous divide.

Elliott 'at centre of sham payments'

By Emilia Tagaza in Melbourne

Mr John Elliott, the former head of the Elders IXL brewing and agro-business group, was at the centre of sham foreign exchange payments of A$66.5m (£31.9m), Melbourne *Magistrates' Court was told* yesterday.

The alleged transactions occurred in the late 1980s, the court was told on the first day of a committal hearing into whether Mr Elliott should stand trial for allegedly defrauding Elders.

Mr Elliott was one of Australia's more colourful 1980s entrepreneurs, known for setting out to "Fosterise the world" after Elders took over Carlton and United Breweries, makers of Foster's Lager, in the mid-1980s.

Mr Elliott, with former Elders executives Mr Peter Scanlon and Mr Ken Biggins, each face two counts of theft and one of conspiracy to defraud shareholders and creditors of the company. Another former executive, Mr Peter Cann, faces one count each of theft and conspiracy.

Charges against a fifth former executive, Mr Kenneth Jarrett, were dropped last month after he agreed to plead guilty to deceiving the Elders board, and to give evidence against Mr Elliott during the committal hearings.

Two Sydney bankers working for the Bank of New Zealand at the time of the alleged transactions, also face charges of conspiracy to defraud.

The charges relate to foreign exchange transactions in 1988 between Elders and the Bank of New Zealand and companies associated with a New Zealand businessman, Mr Alan Hawkins, then head of the investment group Equitycorp.

The court heard the defendants had shareholders believe the transactions resulted in losses to Elders of A$39.5m and A$27m respectively.

Mr Brind Woinarski, Crown Prosecutor, said the two amounts were paid, through the Bank of New Zealand, to Mr Hawkins as fees for his role in 1986 in saving a substantial amount of Elders shares from falling into the hands of the late Mr Robert Holmes à Court.

When Mr Holmes à Court's Bell Group tried to take over Broken Hill Proprietary in 1986, Elders stepped in and bought A$1.7bn-worth of BHP. During the same period, BHP bought A$1bn of convertible preferential shares in Elders.

Had Mr Holmes à Court gained control of BHP, he would have also had minority control of Elders. But Mr Hawkins stymied this by buying 4.4 per cent of the total BHP shares.

The hearing is expected to last at least three months, mostly without Mr Elliott and the other main defendants present.

Rwandan refugees carrying their belongings follow the signs yesterday to an unknown future in the capital of Kigali. They are returning from Zairean camps where they fled because of the war between the government and the Rwandan Patriotic Front Reuter

De Klerk vows to stay in S African coalition

By Patti Waldmeir

South African Deputy President F W de Klerk yesterday dismissed speculation that his National party planned to pull out of the country's coalition government of national unity, saying that the party's aim was to prove that consensus government could succeed.

Persistent reports that backbench MPs wanted the National party to withdraw from the coalition cabinet have unsettled financial markets and shaken confidence in the three-month-old government.

Some MPs have complained that the party, which is a junior partner in a coalition dominated by the African National Congress, should act as a traditional opposition party rather than merely appearing to endorse ANC decisions.

Mr de Klerk dismissed such speculation, saying some MPs might advocate withdrawal but the party caucus had never discussed the issue.

The NP had no intention of leaving the government unless there were "serious disagreements on fundamental matters," he told a press conference, adding that the party would seek to avoid confrontation.

The NP, which ruled South Africa alone for 46 years, fought to ensure the country's new constitution would enforce coalition government, rather than allowing the majority party to rule alone. Under the constitution, all parties that won more than 5 per cent of the vote in April's elections are entitled to proportional representation in cabinet.

The principle of enforced coalition government was accepted by the ANC in constitutional negotiations and will not be lightly abandoned by the NP now. But the party is struggling to define a role for itself within the new cabinet.

Mr de Klerk acknowledged that this means "walking the tightrope" between classic opposition and subservience to the majority party. So far, he said, he had deliberately taken a low profile within government, where he is second deputy president after Mr Thabo Mbeki of the ANC. But he was now "firing on all cylinders".

However, the party's position in government has been weakened by the resignation, as from October, of finance minister Derek Keys, an NP member, who is to be replaced by Mr Chris Liebenberg, who does not belong to any party.

● Political violence has risen again in KwaZulu/Natal province, with 22 dead at the weekend. Local violence monitors said they believed some of the killings were linked to Saturday's screening of the controversial TV series The Line, which the Inkatha Freedom party has complained is biassed against Inkatha.

Palestinian economic pact ready

By Julian Ozanne in Jerusalem

Palestinian and Israeli economic negotiators yesterday finally completed agreements for implementing their economic protocol that will allow Palestinian agricultural produce to be officially imported into Israel from today for the first time since 1967.

Palestinian officials had complained that Israel was dragging its feet in implementing the agreement, signed in Paris three months ago, to put political pressure on the Palestine Liberation Organisation and give it time to take measures to protect Israeli farmers who will be adversely affected by Palestinian competition.

Under the protocol, Israel and the PLO agreed to a free movement of agricultural produce except for six goods – poultry, eggs, potatoes, cucumbers, melons and tomatoes – which will be subject to a phased quota over five years.

Israel says the delay in implementing the agreement has been the need to agree procedures, license trucks and ensure Palestinian exports were subject to veterinary and plant protection measures, to maintain health standards and prevent the spread of disease.

These procedures were finalised yesterday, but Palestinian agricultural negotiators complained Palestinian exporters will be subject to a myriad licenses and inspections. "We want the trade to be more free," one Palestinian official said. "Let Israeli and Palestinian producers compete freely on price and quality. There is still too much bureaucracy."

The two sides also discussed snags in implementing trade, labour, customs and direct taxation provisions of the economic protocol. Implementing the agreement will boost the economy of the West Bank and Gaza Strip, particularly agriculture, which accounts for 40 per cent of GDP. Before the agreement, Palestinian produce was smuggled into Israel, but only in limited quantities.

Yesterday's talks came as Israeli and Palestinian negotiators in Cairo tried to finalise agreement for the transfer of civilian powers in the West Bank. The two sides are near agreement to transfer authority in five areas – education, health, direct taxation, tourism and social welfare – from the Israeli military-run civil administration to the Palestinian national authority.

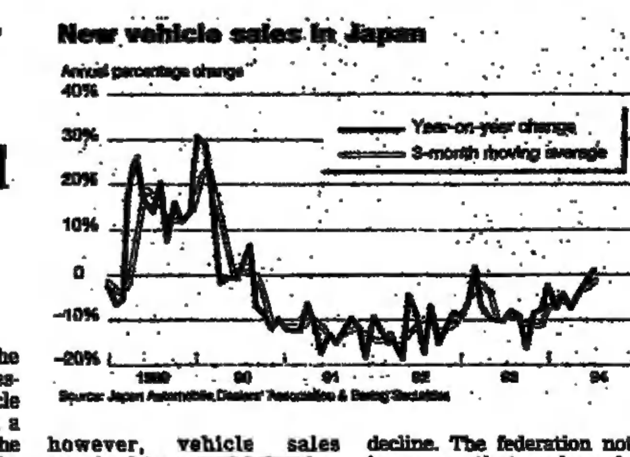
Once completed, both sides will negotiate a framework for Palestinian elections, due on October 15, and redeployment of Israeli troops out of Palestinian population centres in the West Bank.

Mr Nabil Shaath, chief PLO negotiator, said he expected an agreement on the transfer of powers by next week. But Israeli negotiators said the talks were moving slowly because of concerns over how the Palestinians would pay for the services they are going to take over.

An Israeli official said Israel feared a slump in revenues during the transition period, and wanted to ensure enough funds to prevent a decline in services, and social unrest.

Japan car sales rise for second month

By Gordon Cramb in Tokyo



A further sign of revival in the Japanese economy came yesterday with figures for vehicle sales in July which showed a rise from a year earlier for the second successive month, the first time this had been achieved since October 1990.

Total vehicle sales were up 2.4 per cent with cars ahead 1.5 per cent, according to the Japan Automobile Dealers Association. Truck sales were up 4.6 per cent, their fifth monthly gain in a row.

For the calendar year so far, however, vehicle sales remained 3 per cent below levels of the first seven months of 1993. And elsewhere in Japanese industry, positive data remained hard to come by.

Construction orders for June, announced yesterday by the Japan Federation of Construction Contractors, were down 3.4 per cent from a year before, the 17th consecutive decline. The federation noted, however, that orders from manufacturers were up 8.7 per cent.

Orders from the private sector as a whole fell 3.1 per cent while public sector orders were down a sharp 12.9 per cent, reflecting the delay in the passage of the annual budget brought about by the country's political turmoil.

S Pacific airlines may be cut

By Nikki Tait in Sydney

Leaders of South Pacific island nations, meeting in Brisbane for the annual forum, yesterday agreed to consider ways of rationalising the national airline services which pepper the region.

In a formal statement, issued after the first day of discussions between the heads of 15 South Pacific countries, members acknowledged that there was a need to deal with airline losses.

They pledged to set up a meeting between airline operators and aviation authorities, and to "examine the options for a rationalisation of air services among Forum island countries, perhaps on a sub-regional basis".

The move will be welcomed by Australia, whose annual aid contribution to the area is about A$500m (£238m). At the weekend, Mr Gordon Bilney, Australia's federal minister with responsibility for Pacific Island affairs, made clear his country was increasingly reluctant to see aid funds used to prop up the region's 11 national carriers.

In a separate initiative, Mr Paul Keating, the Australia's prime minister, pledged additional financial assistance to the Solomon Islands, if it banned logging of tropical rainforests on all government land in the Marovo Lagoon area.

Environmental damage from logging by foreign companies, notably Malaysian interests, has been of growing international concern.

Tourists return to more peaceful Egypt

By Mark Nicholson in Cairo

Three months free of Islamic militant attacks on tourist targets has encouraged a recovery in Egypt's tourist industry, with Cairo hotels enjoying their highest occupancy rates in more than two years.

Latest tourism ministry figures show a 4.5 per cent rise in visitors in May against the same month last year, the first overall rise since militant groups began attacks on tourist buses, cruise boats and other tourist targets in late 1992. Hoteliers say the recovery has strengthened since then.

The last attacks against tourist targets came in March, when a few trains were raked with gunfire as they passed through Assiut, a heartland of militant activity in southern Egypt. A German tourist died from injuries after gunmen fired at a Nile cruiser passing by Assiut.

Since April the government has repeatedly claimed its crackdown has succeeded in breaking the main militant groups, the Gamaa al-Islamiyya and Jihad, and prevented them operating outside their traditional strongholds in Upper Egypt. Mr Hassan al-Alfie, interior minister, said last week: "We have managed to encircle them and put an end to the acts of violence."

Mr Tony Baldry, an assistant British foreign minister, said during a recent visit to Egypt that he had "every impression this was a situation which has been contained, understood, and dealt with".

The lull in violence has encouraged tourism in Cairo, where five-star hotels report occupancy rates of between 85-90 per cent against an average of little over 50 per cent this time last year. "There's been an extraordinarily good improvement," said Mr Richard Bousfield, marketing director at the Cairo Semiramis Intercontinental.

The bulk of Cairo's summer visitors are Gulf Arabs. Hoteliers and tour operators in Europe say it remains too early to forecast whether European, American and other tourists will return in large numbers during the winter season, which begins in October.

However, some hotels say provisional tour bookings for next season are already twice what they were a year ago.

"Bookings are looking good; they're up for August and early September, and I sense already that European tour operators are beginning to respond," said Mr Armin Shrocker, manager of the Nile Hilton hotel.

Egypt attracted a record 3.2m tourists in 1991-92 before the militant attacks, garnering hard-currency earnings calculated by the government at about $3bn (£1.9bn). It says the anti-tourism violence, designed by the Gamaa al-Islamiyya militant group to attack the government by harming the economy, cost $900m in lost revenues last year, hitting employment and investment in what had been Egypt's fastest-growing industry.

However, diplomats and other commentators are cautious about forecasting an end to militant violence. Moreover, the Egyptian government faces a considerable security test in early September, when Cairo will attract around 20,000 participants, including prime ministers, to the United Nations International Conference on Population and Development.

On Sunday the Gamaa al-Islamiyya broke a silence of more than two and a half months by issuing a faxed statement declaring it intended to step up violence in the Upper Egyptian town of Mallawi, 270km south of Cairo, where it claimed its members had ambushed and wounded two policemen.

هكذا في الأصل

● British butchers report a decline in sales of beef ● Livestock body seeks meeting with Waldegrave

Cattle prices drop after EU restrictions

By Alison Maitland

The price of cattle being sold at market has plunged by up to 30 per cent following European Union restrictions introduced on British beef exports last week to stop the spread of "mad cow disease".

At the same time, the Meat and Livestock Commission said yesterday some butchers were reporting a fall in beef sales. But it was unsure if this was a response to the latest publicity over bovine spongiform encephalopathy (BSE), or the hot weather encouraging people to eat salads.

Livestock prices have fallen even though many farmers are holding their animals back from market in the face of the new rules, which state that carcass beef must come from herds free of BSE for six years, rather than two years previously.

The Livestock Auctioneers' Association said yesterday it was seeking an urgent meeting with Mr William Waldegrave, the new agriculture minister, over the restrictions agreed by EU farm ministers a fortnight ago.

Mr Jim Watson, association president, said prices of cull cows, or old dairy cows, had fallen by 30 per cent, while young steers and heifers were down by about 10 per cent. "It's because there's too much beef on the market," he said. "At a stroke, we've lost our export market overnight."

Carcass, or bone-in, beef accounts for 84 per cent of British beef exports to the EU. Of the 107,000 tonnes of bone-in beef exported last year, cull cows made up 70 per cent, with young cattle accounting for the rest.

Because the cows are old, it is more difficult to trace their history and more likely they will have spent some time on a farm with BSE. Some 52 per cent of dairy herds have had at least one case of the disease. Mr Watson said the agriculture ministry was creating too much paperwork for farmers and delaying export of the minority of animals that could be given a clean bill of health.

"They're making it unnecessarily complicated, which will have the effect of turning farmers off completely," he said.

Mr Martin Burtt, chairman of the National Farmers' Union livestock committee, said a two-tier market had opened up, with animals that carry BSE-free certification commanding a 70 per cent premium at some markets.

He urged the ministry to give farmers names and addresses of BSE-free farms so they could trace the history of the animals they want to sell. He said the ministry received 7,000 inquiries from farmers last Friday.

The NFU said its president, Sir David Naish, also wanted to see Mr Waldegrave to discuss problems facing the sector. Concern has been raised by last Friday's announcement by P&O, the ferry company, that it would stop carrying live animals to the continent for slaughter unless EU farm ministers improve welfare standards.

Private company wins contract for trade statistics

By Gillian Tett, Economics Staff

The UK government's Central Statistical Office has entered into its first ever private sector partnership to publish and market its statistics, as part of a drive to introduce a stronger business focus into UK economic data.

Taylor Nelson AGB, the UK's largest market research group, has won the contract to market and publish the CSO's business and trade statistics.

The deal, which will be officially announced later this week, is expected to yield an annual turnover of up to £3m, with the profits shared between the CSO and Taylor Nelson AGB, according to Mr John Cunningham, managing director of Taylor Nelson's publishing division.

The group plans to publish around 90 annual reports and 36 quarterly collections of official business data on a detailed sectoral basis. These would be largely targeted at the estimated 28,000 UK companies who currently supply data to the CSO, Mr Cunningham said.

The reports, which would be compatible other European Union statistics, would effectively replace the CSO's earlier business publications, which were controlled by Her Majesty's Stationery Office, the government data publishing department.

The CSO is currently negotiating with financial news agencies to market statistical information to the City through computer links. Meanwhile, a contract for the collection of the retail price index data, the first area of data collection to be opened to private sector competition, will be announced later this month.

The Department of Employment, which currently collects the data, is bidding for the contract, which is worth about £1m. More than a dozen private sector market research groups – understood to include Taylor Nelson AGB and the British Market Research Bureau – are also competing.

However another key market research group, Mori, has refused to bid, claiming that the tender is too restrictive and skewed in favour of existing practices.

The CSO also plans to hold tenders for the collection of compulsory business data next year, if the government's deregulation bill is passed, as expected. This bill could remove the legal ban that currently prevents private companies collecting this data.

CMN managing director Iskander Safa arrives at a London hotel yesterday for talks on the future of the Swan Hunter shipyard Jamie Hart

Swan Hunter talks inconclusive

Crucial talks aimed at saving Swan Hunter, the Tyneside shipbuilder facing closure, ended inconclusively yesterday after more than four hours of discussion between receivers Price Waterhouse and the sole prospective bidder for the company as a going concern. Chris Tighe writes.

The receivers and Mr Iskandar Safa, principal shareholder of Soffia, the parent company of patrol boat builder Constructions Mécaniques de Normandie, clarified their respective positions.

The meeting, described as constructive, was organised by shipyard unions after the receiver last week said CMN's offer, of a basic £3.5m, was well below Swans' £7.5m break up value.

Afterwards, the two sides indicated it would be two to three weeks before it would be clear whether agreement could be reached, making it impossible to achieve the deadline of noon tomorrow set by the Ministry of Defence for placing with Swan Hunter the £6m, three month refit of the Royal Fleet Auxiliary tanker Olwen.

Swans' inability to take on Olwen, which will go to the next lowest bidder, means prospects for 238 employees laid off in the hope of the refit are now minimal. A redundancy announcement is likely next week.

Today an industrial tribunal in Newcastle begins a test case hearing at which shipyard unions representing ex-Swans employees will contest the Department of Employment's handling of payments made following a Protective Award won last year by the unions at an earlier tribunal.

The award was to have compensated 430 Swans workers, made redundant in May 1993, for the lack of a 90-day consultative period but many received little or no payout despite the unions' tribunal victory.

The unions are now challenging the Department's decision to base its calculations on eight weeks rather than 12, and to deduct money paid in lieu of notice and wages arrears payments. Mr Stefan Cross, the solicitor representing four of the five unions, said it was an insolvency test case of national significance.

Britain in brief

Accountants act to stall Maxwell probe

Coopers & Lybrand, the UK's largest accountancy firm, has been granted leave to appeal to the courts in an effort to stall a wide-ranging professional investigation into its audit of the Maxwell business empire.

If the appeal goes in the firm's favour, it would prove an extremely serious blow to the future of self-regulation across all of the UK's professional bodies.

Coopers' action follows the launch last May by the Joint Disciplinary Scheme, accountancy's most senior regulatory body, of an investigation into pensions within the Maxwell companies.

Its appeal has been triggered by a precedent-setting judgment in April in favour of Price Waterhouse to stall the investigation by the scheme of its audit of the collapsed Bank of Credit and Commerce International.

The ruling – which was argued on the grounds that the BCCI case was highly unusual and complex – meant that no scheme inquiry can take place until after civil and criminal actions relating to the bank and its auditors are complete, unlikely until the next century.

Coopers said it formally requested suspension of the inquiry in February "on the basis that any such inquiry could be prejudicial to justice". After the scheme refused this demand in March, Coopers sought judicial review, and it confirmed that it had been granted leave to seek judicial review last month by Mr Justice Latham. No date has been set for a hearing although it is expected soon.

The scheme's case has not been helped because it has in the past delayed the launch of several investigations. It waited three years until this May after the collapse of Polly Peck International before beginning investigations.

Ruling on debt as security

Foreign banks and small UK banks may be encouraged to lend more money to companies as a result of a Court of Appeal ruling allowing them to treat the uncollected debts of companies as a fixed security.

The ruling in the case of New Bullas Trading, a small consulting company which went into receivership in 1991, says for the first time that banks other than clearing banks may take a fixed charge on uncollected book debts.

The decision could be significant for service companies which have few fixed assets such as premises and equipment. It could encourage a wider range of banks to lend them money using uncollected debt as security.

Mr John Naccarato, partner of law firm McKenna, said that the New Bullas decision was significant because it would reduce the advantage of clearing banks in ensuring money is returned if a company collapses.

Campaign cost curbs urged

Advertising campaigns promoting official government policy – often coinciding with the aims of the Conservative party – cost the taxpayer £73m in the last financial year, Mr Matthew Taylor, Liberal Democrat MP, claimed. He called for an inquiry into the usefulness of government advertising and the need for monitoring to deter waste.

Decline in chemical jobs

The chemicals industry in Cleveland, north-east England, has lost 5,300 jobs since 1981 and is expected to shed up to 2,000 more by the year 2,006, says a report by the local council. Asset swaps, plant closures, de-mergers, selective acquisitions and more flexible working have all had an impact on Cleveland as chemical companies seek to sustain a share of an increasingly competitive industry. Lack of local control is also a weakness of the Cleveland economy, the report says, citing the recent announcement by American-owned DuPont of closures of Teesside plants it acquired a year ago from ICI.

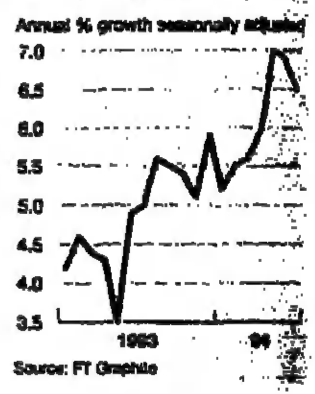
Growth in M0 slows

The annual rate of growth of M0, the narrow measure of money supply, slowed to a seasonally adjusted 6.5 per cent in July, according to the Bank of England.

The fall in M0 growth was smaller than analysts had expected and the annual rate remains well above the government's 0-4 per cent monitoring range. Nevertheless, the slowdown from June's 6.9 per cent growth will be seen as good news by the monetary authorities.

M0 is used as an inflationary indicator by the Treasury and the Bank of England, and is seen as a reasonably accurate indicator of consumer spending. In the minutes of his monthly meeting on June 8 with the chancellor, Mr Eddie George, Bank governor, expressed concern about rapid M0 growth. The three-month annualised growth rate was described in the minutes as being "uncomfortably high and the Governor would be looking for it to decline in the coming months". Yesterday's figures show that the three-month annualised rate fell to 6.5 per cent in July, from 8.3 per cent in June.

Money supply M0



Source: FT Graphite

BBC radio loses listeners

Commercial radio is continuing to eat into the audiences of the BBC and accounts for 47.4 per cent of all radio listening in the UK.

Figures by Rajar, official audience research body for radio, compare with a share of 38.9 per cent for the commercial sector in the same quarter a year ago. The main factor in the change, apart from new commercial stations coming on air, has been the drop in audience for BBC Radio 1, its pop music station. In the second quarter, Radio 1 average weekly audience fell to 12.283m compared with 15.695m a year ago.

BP leads British oil and gas sector

By Robert Corzine

Big international companies continue to dominate the UK offshore oil and gas industry, according to Wood Mackenzie, the Edinburgh-based energy consultants.

In a report published yesterday Wood Mackenzie notes that British companies account for only 43 per cent of the £40.2bn of total UK upstream assets.

The figure assumes that Shell, the Anglo-Dutch group, is counted as wholly British.

British Petroleum, however, remains the leading company in the sector, accounting for 14 per cent of the total value. It is followed by British Gas with 12 per cent of the total assets.

The two largest western oil companies, Shell and Exxon, rank third and fourth.

Amerada Hess, a medium-sized US-based independent producer, has moved into fifth place as a result of an "aggressive acquisition programme" and heavy capital spending to bring three new fields into production. It has also become the single largest holder of UK exploration acreage.

The top five companies account for almost half of the UK's upstream assets, while 85 per cent of the total is held by the top 20 companies.

The report says the small exploration and production companies which the government is encouraging to take part in new licensing rounds have a "minimal impact" on the offshore industry.

"... Only nine per cent is held by the UK independent sector," it notes, but the figure drops to three per cent when Enterprise and Lasmo, the two largest independents, are excluded.

A new trend identified in the report is the entry of UK electricity companies into the offshore industry. Four companies – National Power, PowerGen, Yorkshire Electricity and Sovereign Exploration, a joint venture between Northern Electric and Neste Oy – have entered the industry, three of them in the past year.

Wood Mackenzie estimates that the UK's remaining discovered, commercial reserves total about 18.6bn barrels of oil equivalent, which includes natural gas. The figure is unchanged since 1993, in spite of last year's production of 1.1bn barrels of oil equivalent.

Row grows over spending plans

James Blitz and Andrew Baxter on indications of an ideological split within the Conservative cabinet

Mr Michael Portillo, Britain's employment secretary, was yesterday at the centre of a growing row over the government's public expenditure plans after the publication of a leaked letter in which he called for drastic cuts in state support for industry. Amid signs of an intense ideological split in the cabinet over projected public expenditure cuts, Mr Portillo stood firmly by the contents of the letter in which he berated Mr Michael Heseltine, the trade and industry secretary, for failing to support policies to cut taxation and spending.

In the letter, which he wrote last month in his former job as chief secretary to the Treasury, Mr Portillo pressed Mr Heseltine to accept drastic cuts in a large number of DTI programmes, including regional assistance grants, all support for shipbuilding and all backing for an independent UK space programme.

He also accused Mr Heseltine, who has adopted a strongly interventionist stance towards industry, of offering only one area for cuts in his department's budget in a fundamental expenditure review.

"Nowhere is the assumption that it is the Government's proper task to intervene in the functioning of free markets actually questioned". Mr Portillo wrote.

Treasury officials were yesterday anxious to play down the row between the two ministers, saying that discussion of the proposals was at an early stage and might not form part of the budget later this year.

However, right-wing Tory MPs were confident that Mr Jonathan Aitken, the new chief secretary, would consider the proposals carefully at the start of the public expenditure survey. Mr Aitken comes to the job with strong right-wing credentials and masterminded many of the recent cuts in the defence budget.

Mr Robin Cook, Labour's shadow trade and industry secretary, also expressed concern the the DTI's budget could be cut. "I am alarmed that any government minister could write a letter so dripping in political dogma and so lacking in common sense," he said. "Britain already invests less per head than any other European country in support for industry. If the Treasury get their way we will drop even further behind."

Industrialists were divided over how to respond to the proposals.

The Confederation of British Industry said that, while every element of government spending should be carefully reviewed, the return on some measures of government support for industry far exceeded the amounts of money involved.

Mr Tim Melville-Ross, incoming director-general of the Institute of Directors, said it was right that all departments should make a contribution to the fundamental review of public expenditure. "In a situation in which markets work, there would be no need for government intervention in industry or the regions," he said.

Mr Portillo refused to elaborate any further on the contents of the letter, saying he did not comment on leaks. "Discussions between spending departments and the Treasury do not imply decisions of government but a healthy and appropriate debate about the proper role of government," he said in a statement.

MANAGEMENT: THE GROWING BUSINESS

A lack of enthusiasm has greeted the UK's Enterprise Investment Scheme

Slow start, but ready to roll

Britain's Enterprise Investment Scheme, which replaces the Business Expansion Scheme, has got off to a decidedly slow start. Launched to attract equity investment into private trading companies, barely a handful of companies have tried to raise capital since the scheme began in January.

Of the few issues that have seen the light of day, one – a scheme to finance the purchase of second-hand bulk cargo ships – was left substantially with underwriters after the public almost totally ignored the offer.

A second scheme for The Unchained Growth Pub Companies, which was launched last week, seems a far cry from what the government intended when it offered investors tax breaks to back trading companies constrained by lack of equity. The scheme involves three EIS companies buying pubs in the London area which will be managed by Regent Inns, a publicly quoted company.

One reason for this shaky start was a desire by most EIS scheme sponsors to see the detail of the finance bill. Now that the bill is published, the Department of Trade and Industry has produced a comprehensive 20-page guide* that should remove much uncertainty.

But many sponsors will remain unexcited by the new scheme. The EIS rules have reduced the maximum a company can raise to £1m (£5m for shipping companies). At this lower limit, the cost of sponsoring a public issue could be as much as 10 per cent of the amount raised. Given that up-front tax on an EIS investment is only 20 per cent, instead of a top rate of 40 per cent under the BES scheme, investors would not receive much of a break after deducting the costs of sponsorship.

Robert Lowe, director at Johnson Fry, one of the largest BES sponsors, believes entrepreneurs should nevertheless have plenty of scope to raise capital through private EIS schemes. While resigned to the fact that there is little scope for Johnson Fry to act as sponsors on £1m EIS schemes, he says private deals should be possible through local networks of investors with local accountants acting as clearing houses.

Ross Macdonald, chief executive of Neill Clerk Capital which sponsored the Unchained Growth Pub Companies scheme and issued the shipping company prospectus, agrees there will be fewer sponsored EIS schemes. But groups like Neill Clerk will help businesses with their documentation when trying to raise capital through private schemes.

Macdonald says his company expects to be doing about a tenth of last year's number of sponsored deals. Instead he will be focusing on private deals such as one he is appraising now for a business that is trying to raise £500,000 for equipment to make a product it currently imports.

The most significant variation on the BES scheme that will attract investors and help entrepreneurs is the tax break now available on any EIS losses, according to Chilton Taylor of accountants Baker Tilly, which helped write the DTI brochure.

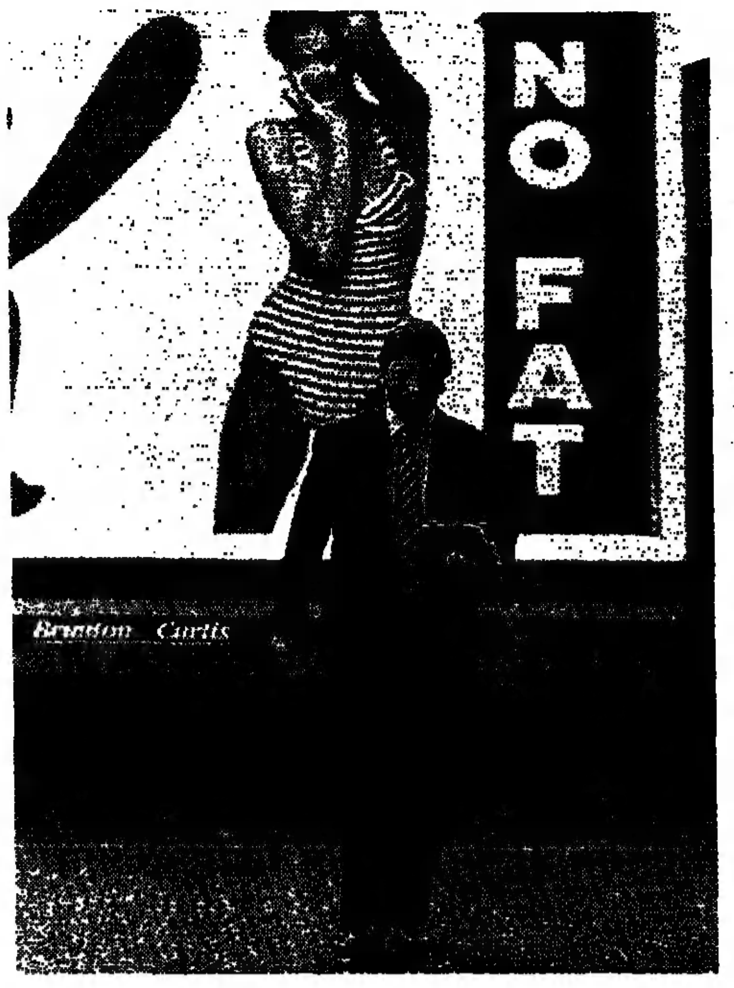
These losses can now be offset against income or capital gains tax. An investor with a top tax rate of 40 per cent who backs a scheme that goes bust can only lose 48 per cent of his initial investment after taking into account the 20 per cent up-front relief he will already have received.

In spite of this break, the reduced front-end tax relief means fewer investors will be attracted to EIS schemes purely for tax reasons. Because there are, so far, fewer loopholes to be exploited by sponsors pushing tax-driven schemes, quality proposals should have a better chance of raising finance.

At the very least, genuine trading companies are less likely to see their proposals swept aside by artificial financial products such as the assured property schemes that so discredited BES.

RG

**A guide to the Enterprise Investment Scheme – available from the DTI (081 896 2116) or Baker Tilly (071 413 5100): Free.*



Steve Curtis: 'In Britain venture capitalists have a reactive approach' Tony Andrews

A second chance

Investors are missing out by not backing seasoned entrepreneurs more often, says **Richard Gourlay**

Steve Curtis started a business, built it organically, merged it with another and sold out for £4.7m during four heady years in the late 1980s.

Yet in spite of the success of Brunton Curtis Outdoor Advertising, Curtis received no calls after the sale from venture capital companies curious about what he planned to do next.

"In the US, venture capitalists are looking at second- and third-time entrepreneurs," says Curtis. "In Britain they have a reactive approach. They do not seem to monitor trade sales in specific sectors."

Curtis and his partner began to build a new outdoor advertising company in 1990 and sales grew to £700,000. "But for three years we did not hear a dicky bird," Curtis says.

Curtis then raised venture backing when he had the opportunity to buy back part of his business from Mills & Allen, but even then some venture capitalists showed great reluctance to back him.

Curtis's experience is not uncommon. According to Ken Robbie, research director of the Centre for Management Buy-Out Research (CMBOR) at Nottingham University, second-time entrepreneurs in the UK are under-utilised by venture capitalists.

The lack of interest in a battle-toughened army of footloose entrepreneurs is surprising as they have probably survived the mistakes that would trip up many first-time entrepreneurs.

By backing these experienced entrepreneurs in businesses – or using them as co-investors in management buy-ins – venture capitalists should be increasing the chances of the ventures' success.

A few accounting firms, such as Touche Ross, follow up or back successful entrepreneurs but on a selective basis. And Mercury Asset Management helped Michael Guthrie, former chairman of Mecca Leisure, to look for opportunities in the food sector when he left Mecca after its takeover by Rank. But it appears to be a piecemeal approach.

Even 3i, the UK's largest venture capital company, only keeps an informal eye on entrepreneurs that have left companies it has backed. And it has no systematic way of following up people who have sold businesses they started without venture backing.

Of course, the experience of selling a company changes entrepreneurs. Robbie points out from a study* of serial investors undertaken by CMBOR that success does not necessarily breed success. "Venture capitalists will need to be satisfied that experienced entrepreneurs still have the motivation, ambition and managerial skills to succeed in a subsequent venture," he says.

Another change is that the entrepreneurs know the ropes and how to deal with venture capital investors. John Edmonds is a classic example of a serial investor who got wise to the ways of some venture capitalists and had the muscle to be more discerning second-time around. A partner in a legal practice, Edmonds developed an encyclopaedic knowledge of holiday time-share law. In 1991 he left his firm and bought a US holiday company with $11m (£7m) of venture backing.

Eighteen months after turning it into a successful timeshare holiday exchange bureau, Edmonds sold it for $75m. After a week he got bored doing nothing. He began a year-long search to find another business before reading an advertisement that led him to First Information Group, a multimedia software company formerly called Chrysalis.

But while he was looking for his next move, no venture capitalists called him – although he did invite himself to lunch at 3i.

He also decided not to return to the venture capitalists who backed his time-share company. "Lloyds Development Capital, in particular, was very anxious to get an exit quickly and they put a lot of pressure on us to do it," says Edmonds.

Instead he turned to 3i because he believed they would not press him for an exit. Yesterday he announced he had sold 25 per cent of First Information Group to 3i for £4m, to finance production and marketing of its own multimedia titles.

If the venture capital industry is in command when entrepreneurs first need capital, there is little doubt the balance of power has changed when they come back a second time. "The second time around they [entrepreneurs] are much more in the driving seat and more able to bargain," says Robbie.

Take John Laurie, who led a £2.2m management buy-in at Newport Technology group, a maker of electronic components. Having had experience not only of being backed by venture capitalists but of providing seed capital to small ventures, Laurie was able to structure the acquisition of Newport Technology with very little venture backing.

Because Newport Technology Group was relatively lowly geared, Laurie was able to use the assets within the company as security for bank loans, thereby reducing the amount of equity he needed to sell to venture backers. He did this by securing a so-called financial assistance statement from the company's directors.

Such financial assistance statements can be granted by private companies being acquired if the assistance does not reduce its net assets by more than the amount it could lawfully pay out in dividends, or if the directors and auditors can confirm the company will be able to pay its debts over the next year.

Such mechanisms can reduce the amount of equity an entrepreneur needs to sell to venture backers, according to Richard Kennett, a solicitor at Laytons, who helped Laurie structure the deal. However, many first-time entrepreneurs seeking venture capital may not be aware of this route.

This arrangement meant the venture capital backers had to come in as ordinary shareholders with no special rights to dividends or performance ratchets.

There is little doubt that investing behind or alongside entrepreneurs who have done it before should increase the chances of a venture's success. There again, if all seasoned entrepreneurs are as good negotiators as Laurie perhaps it is not surprising that venture capitalists prefer greener customers.

**Venture Capitalists and Serial Entrepreneurs. Available from CMBOR. Tel 0602 515494. Price £25.*

In a Nutshell

A new name for BS 5750

BS 5750, the quality management standard that is as much reviled by some smaller companies as it is revered by others, is changing its name.

With immediate effect, BS 5750, which is equivalent to the international standard ISO 9000 and the European standard ES 29000, is to be called BS EN ISO 9000.

The British Standards Institution says it is making the change to avoid confusion about the different numbering and that BS EN ISO 9000 has few additional requirements. But there are some.

The changes, the BSI assures us, mainly clarify the clauses of the standard and facilitate its use in all organisations, regardless of size, industry or activity.

BSI says all companies registered under BS 5750 should revise their quality management systems to comply with the new standard. Copies of a guide are being sent to all BSI-registered members and are available to others from BSI Customer Services for £25 (£12.50 for subscribing members).

Small fry audit to go

The rules exempting small companies from audits will come into effect on August 11 now that regulations have been laid before Parliament.

Neil Hamilton, corporate affairs minister, described the move as a "major step in the government's drive to free business from unnecessary burdens".

The new rules abolish the need for an audit for all companies with annual sales below £90,000. Companies with sales between this figure and £350,000 will be able to file a simpler so-called "compilation report".

Qualifying companies whose directors have yet to approve accounts on that date will be able to take advantage of the new rules.

BUSINESSES FOR SALE

Business Equipment Leasing Ltd.

The Joint Administrative Receivers offer for sale, as a going concern, in whole or in part, the business and assets of Business Equipment Leasing Limited.

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For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, PO Box 730, 20 Farringdon Street, London EC4A 4PP. Telephone: 071-236 8000. Fax: 071-248 1790.

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For further information contact the Joint Administrative Receiver, Geoff Adams, KPMG Peat Marwick, Maybrook House, 27 Grainger Street, Newcastle upon Tyne NE1 5JT Telephone: (091) 232 8815 Fax: (091) 230 4647.

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The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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For further information please contact Michael Carey (0222) 468070 or Peter Smith (0222) 468122 at the following address: KPMG Peat Marwick, Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF2 1TE.

KPMG Corporate Finance

(KPMG Corporate Finance is a practising name of KPMG Peat Marwick, which is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business)

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STATE PROPERTY AGENCY

TENDER INVITATION

THE STATE PROPERTY AGENCY (1133 BUDAPEST, POZSONYI UT 56.)

announces

AN OPEN, SINGLE ROUND TENDER FOR THE PURCHASE OF STATE OWNED SHARES OF AUTOVILL RT. (1132 BUDAPEST, VACI UT 20-26).

The registered capital of the company is HUF 154.024.000 and the SPA has 100% ownership. The company's capital over the registered capital was HUF 1,000,000,000 on 31 December, 1993.

Within the frame of the tender inviation a share pocket of nominal value HUF 138,622,000 will be sold which represents 90% of the company's share capital. Bids can be submitted exclusively for the share pocket specified.

Shares of nominal value HUF 15,402,000 representing 10% of the registered capital were separated for employee ownership with favourable terms.

The company's major spheres of activity are: the development, production and sale of electrical devices for cars.

Bids are submitted in three copies in Hungarian language in a closed envelope without letterhead to the address given hereunder. Foreign competitors can submit their bids in addition to the Hungarian text either in English or in German language but in this case, too, the copy in Hungarian is exemplary.

Bids should be handed over in the presence of a Notary Public within the period kept open before the deadline.

The closing date and place for tenders to be submitted is:

28 September, 1994 between 12.00-14.00 pm

State Property Agency, 1133 Budapest, Pozsonyi út 56., 8th floor, Room 804.

The following text is to be indicated on the envelope:

"Pályázat az AUTOVILL Rt-ben lévő állami tulajdon megvásárlására"
(TENDER for the purchase of state owned shares of AUTOVILL Rt.)

The State Property Agency reserves the right to declare the Tender null-and-void.

To prove their purchasing intention applicants have to pay a deposit of HUF 3,000,000 in the manner prescribed in the Tender Invitation.

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Those wishing to take part in the tender must sign a Confidentiality Agreement and purchase the document "Terms of Bidding and Information Memorandum" the price of which is 20,000 HUF plus VAT from the

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Enquiry Documents for the project may be obtained from BVIEC or their Engineers at the cost of US$ 300.00 per set.

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Ref 40680/pj1

Tender submissions are required by 31 October 1994

TECHNOLOGY

A quick lesson in Japanese

A Kyoto-based group of scientific researchers has come up with a machine than can translate [illegible] 15-word Japanese sentence into English in one-tenth of [illegible] second.

Its so-called "massively parallel" series of artificial intelligence computers translates at speeds 300 to 500 times faster than ordinary artificial systems, according to the team's leader, Hitoshi Iida.

The group, from Advanced Research Institute International, a private research unit, unveiled its system at the 12th conference of the American Association for Artificial Intelligence which started last week.

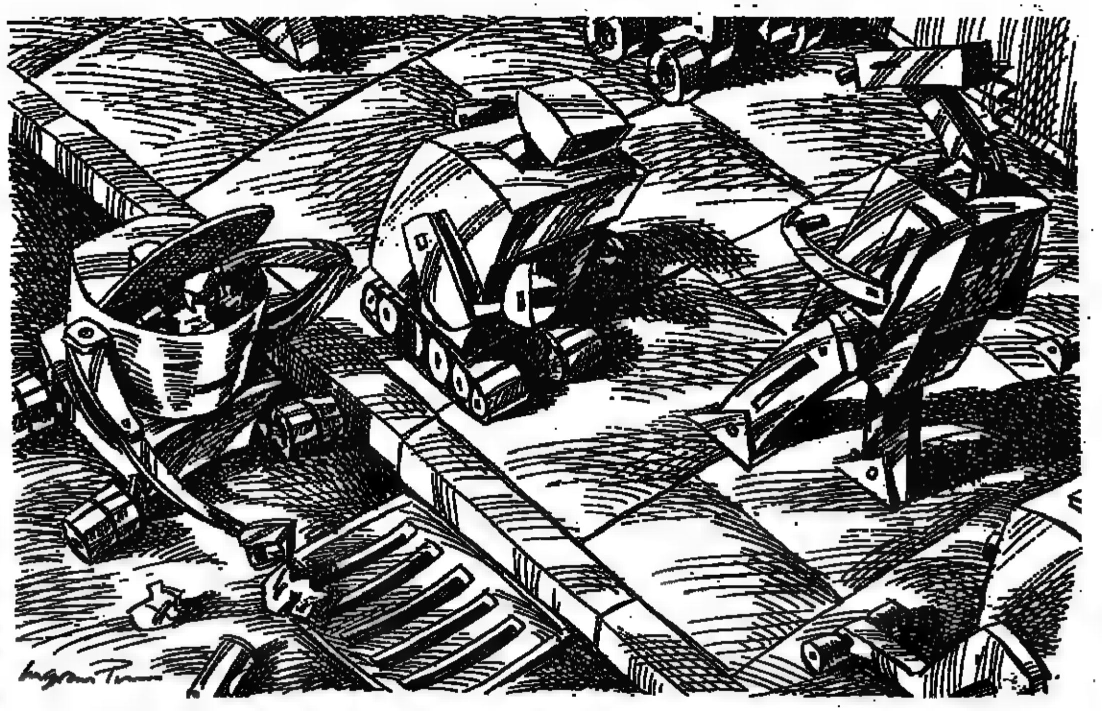
Iida's system differs from conventional artificial intelligence in that its software is built to give a close, rather than precise, translation of colloquial – [illegible] hence grammatically irregular – Japanese. Conventional systems match words and phrases only in accordance with precise pre-programmed grammatical rules.

The Kyoto language computer has, by contrast, been fed with 100,000 combinations of certain words that are often used, but not in [illegible] with strict syntax. Within these 100,000 combinations, 6,000 individual words are classed in line with general concepts, such as food or action, says Iida. Words included in those concepts are further divided into three index groups of increasing levels or precision.

So the machine starts with [illegible] concept and works through the index to build an English sentence most like the Japanese original. The machine chooses an expression approximate to the Japanese sentence from 100,000 combinations, by using words in the index as cl[illegible]

Other artificial intelligence machines, in attempting to make a precise match between colloquial Japanese and English, either slow down or stop, says Iida. Frustrated [illegible] students may be forgiven for sympathising with the [illegible] artificial [illegible] computers' [illegible].

William Dawkins



Robots get the dirty work

Japan is developing intelligent systems to help an ageing population, writes **Andrew Fisher**

A nifty little robot darts down a street, picks up the rubbish and puts it into a truck. Inside a power station, another robot carries out vital maintenance work. A hard-pressed nurse uses robotic help to move beds and patients.

Hard to imagine though it may be, Japanese research experts are working on such applications – and on robots for the home – although it will probably not be until well into the next century that they can be put into practice.

Labour will be in short supply in coming years. The 125m population is ageing and will slowly decline as the birth rate falls.

"Such systems are necessary for coming generations in Japan," says Kazuo Asakawa, head of the intelligent systems laboratory at Fujitsu, the Japanese computer group. "We have to develop intelligent systems to replace young people."

Most people do not want to do the so-called "3K" jobs – denoting the Japanese words for "dirty, difficult and dangerous" – such as working in hospitals, collecting rubbish, maintaining power [illegible] and cleaning. Asakawa foresees robots [illegible] in the office, [illegible] handling mail and other straightforward tasks and eventually in the home.

The key to such developments will be neural networks – complex computer systems that can learn to recognise patterns and react accordingly. The robots will be equipped with an array of sensors that will enable them to adapt to their surroundings. "In [illegible] we hope [illegible] develop autonomous systems using neural networks," says Asakawa.

In the view of Hiroyuki Yoshikawa, president of the University of Tokyo, robots could be the answer to many of Japan's economic and social problems. "It is necessary to use Japan's highly educated labour force [illegible] invent these kinds [illegible] things." He believes that Japanese industry must look ahead to new products such as these to prepare for a future in which over-production and over-capacity will inhibit industrial growth.

Japan's car industry is already plagued by over-capacity, as well as high costs; the surge in the yen is eating further into export profits. In common with other academics and industrialists, Yoshikawa warns [illegible] the danger [illegible] "hollowing-out" as lower-cost countries in Asia and elsewhere take up production of goods which have [illegible] expensive to make in Japan. The electronics companies are already big [illegible] in south-east Asia and car makers have been expanding their overseas operations.

"We must change the direction of endeavour," adds Yoshikawa, a specialist in engineering design theory. He thinks industry should lean towards more automation of ser[illegible] as [illegible] and cleaning. He talks of the need for [illegible] "amplification of services", with intelligent, computer-controlled machines doing much of the awkward and dirty work now done by humans.

In other countries, where unemployment is high, this is less of an issue. But Japan's unemployment rate is less than 3 per cent, kept low by the tradition of lifetime employment and the high level of consensus and discipline in Japanese society. This is despite the recession after the bursting of the "bubble" economy of the late 1980s.

Japanese companies already use robots far more widely than the rest of the world. In 1992, there were 350,000 robots in Japan, of which more than 280,000 were advanced (operating in different axes, or with sensors or learning controls), according to latest statistics from the United Nations and the International [illegible] of [illegible] This compared with 47,000 [illegible] advanced) in the US and 39,000 (35,500) in Germany.

The electronics industry is the biggest user of robots in Japan, followed by cars. But the advanced applications envisaged by Asakawa, Yoshikawa and others are still at the pilot [illegible] The Ministry of International Trade and Industry supports some of them. Work is progessing on robots to take the backache out of nurses' lifting work and on micromachines to help doctors operate and even to carry tiny doses of medicine to certain parts of the body.

The rubbish-collecting robots described by Yoshikawa – he calls them "social robots" – are still [illegible] the basic research stage. "I can't say when they will be ready. The direction of research is to invent new robotics for use on the roads and streets of a city. I hope [illegible] will be completed in five to 10 years."

A programme to develop robots to [illegible] the containment vessels of nuclear power plants and carry out maintenance work began in 1978, he says. The first prototype was too heavy [illegible] 400kg. Toshiba then made [illegible] more sophisticated one, which [illegible] suitable for the work. But power companies are reluctant to rely on robots rather than humans for work in which safety and reliability is essential.

"[illegible] idea [illegible] first maintenance, then social and then home robots," says Yoshikawa. All these areas, he feels, are ripe for "amplification" through intelligent automation. Ultimately, the home could be the biggest market for robots. But to do household cleaning and other work, they must be made of softer materials than metal and have more flexible [illegible] systems [illegible] fit in with the random pattern of life in the [illegible].

Yoshikawa says there are no prototypes of the home robot yet. But he adds that robot manufacturers such as Fuji Machine and Matsush[illegible] have shown considerable interest. Asakawa says Fujitsu is also working on computer programs for domestic use.

Thus, sometime around 2010, [illegible] could be scurrying around Japanese streets, homes, offices and [illegible] doing [illegible] jobs and taking some of the strain out of daily life.

Steel makers are fighting off a threat from aluminium, says **John Griffiths**

Overtaking in the motor industry

Steel is under threat in one of its biggest markets but the world's producers are starting to fight back. The battleground is the motor industry; the challenge comes from aluminium, a much lighter material which the Volkswagen group of Germany has already made clear it intends to use extensively in future cars.

In their counter-move, British Steel and more than 20 steel producers from Europe, Asia, Australia and North America are banding together to design the lightest possible steel structure for car bodies. They want to help car makers achieve [illegible] weight reductions. But the undeclared aim is to protect the steel industry from the growing threat to steel's dominance in car body structures.

Launching the joint programme last month, the steel makers claimed that a 20 per cent reduction in body weight can be achieved by optimising current design and material availability, with a 35 per cent saving possible using advanced design and production methods.

British Steel has invested heavily in developing new products – high-strength and coated steels for the motor industry, now regarded as possibly its most important area of business. But the UK steel maker and producers worldwide have been jolted by the enthusiasm that Volkswagen, Europe's biggest car maker, has displayed for aluminium and the interest being taken in the material by other vehicle makers.

Historically, only expensive cars produced in very low volumes – such as Rolls-Royces – have their bodies made of aluminium, which is several times more expensive than steel. However, car makers and the big aluminium companies such as Alcoa of the US have recently adopted a "whole-life" and "total energy" approach to the material. They claim that good recyclability can be combined with simplified volume car assembly processes to make it a cost-competitive rival to steel, while also delivering lighter, more fuel-efficient vehicles.

Audi, VW's executive car division, has just launched an aluminium-bodied executive car, the A8, with envisaged production of up to 30,000 units a year. More worryingly for the steel industry, VW executives say there is no reason why even volume cars such as the Golf should not eventually be made cost-effectively with aluminium "space frame" bodies – skeleton-like structures clad with outer panels.

However, the steel companies insist that not only can steel virtually match this level of weight-saving, it also has advantages over aluminium. It is more easily repaired and has an already-established repair infrastructure in place.

The steel makers also maintain that painting steel is less costly and environmentally damaging than painting other materials; that the aluminium recycling process is more complex and costly than the aluminium industry acknowledges; that making steel requires only one-fifth the energy of aluminium and that in terms of total energy usage, the lower fuel economy of lightweight aluminium cars would only partly compensate for energy consumed during the aluminium production process.

The steel industry's design programme is to be directed by Porsche Engineering Services, the US affiliate of the German luxury sports car maker. It will build on research work by Porsche Engineering for Ford and the American Iron and Steel Institute. This has provided pointers as to how the body weight of a four-door, medium-sized saloon could be cut by 20 per cent.

VW is collaborating with BMW, Mercedes-Benz and German and French steel producers on parallel projects to develop ways of designing and producing lighter, stronger body components and sub-assemblies out of high-strength steels. Whichever way weight savings are achieved, the potential for reducing vehicle fuel consumption is considerable. Ludwig Hamm, Porsche's head of body engineering, says even a 20 per cent reduction in average body weights would save 800m litres of fuel [illegible] year in the US and Europe.

BUSINESS AND THE LAW

Enforcement of EC directives clarified

EUROPEAN COURT

The European Court [illegible] clarified the rights enjoyed by individuals [illegible] a member country fails [illegible] implement a directive within the prescribed time limit. Where the provision in the directive [illegible] sufficiently precise and unconditional, it may be enforced in [illegible] by a national court. An individual may enforce directly such provisions only against the [illegible] or emana[illegible] of the state. Individuals [illegible] not rely directly on provisions [illegible] non-implemented directive against [illegible] private parties. But, in the latter instance, national courts must interpret national [illegible] as far [illegible] possible [illegible] achieve the result envisaged by a directive in its wording and objective.

The ruling was given in the context of proceedings in Florence brought by [illegible] Paola Faccini Dori [illegible] aside [illegible] order requiring her [illegible] pay for an English language [illegible] had been [illegible] Milan central station [illegible] 19 January [illegible] As a consumer who [illegible] bought the language [illegible] from [illegible] seller's premises she had renounced the contract after a few days relying [illegible] the [illegible] on [illegible] made [illegible] from [illegible] prem[illegible] The [illegible] provided that such contracts must be subject to [illegible] cooling-off period [illegible] least [illegible] days. [illegible] directive, which [illegible] have [illegible] implemented by [illegible] 1987, had [illegible] yet [illegible] transposed [illegible] law.

The Italian courts [illegible] whether [illegible] provisions [illegible] directive could be relied upon by one private party against another provided they [illegible] sufficiently precise and unconditional [illegible] by [illegible] individual against [illegible]

The Court first held [illegible]tive's provisions were unconditional and sufficiently precise to be enforced directly in a national [illegible] by an [illegible] against the [illegible] The [illegible] then [illegible] reasons for allowing [illegible] individual to enforce rights conferred by a [illegible] against [illegible] or public authority could not [illegible] to permit [illegible] against another private party. The [illegible] countries must not [illegible] advantage of their [illegible] infringe[illegible] [illegible] Community [illegible] the detriment [illegible] private citizens.

The Court refused to extend this case law [illegible] situations involving [illegible] private parties since it would mean the Community had been empowered [illegible] immediate obligations for private parties by means of a [illegible] Court held such a power can be [illegible] only where the Community [illegible] competent under the Rome treaty to [illegible] regulation (which [illegible] general and directly binding application). Under the treaty, [illegible] only binding on the objective [illegible] achieved but [illegible] member countries [illegible] discretion as to how that [illegible] done.

But the Court emphasised national [illegible] must interpret [illegible] applicable national law so as [illegible] achieve [illegible] purpose of [illegible] directive to the fullest extent possible, even [illegible] national [illegible] predates the directive. The ECJ also confirmed the principles established in its leading decisions on national courts' enforcement of Community [illegible] (Von Colson, Marleasing and Miret). It explained that [illegible] intended by [illegible] directive may [illegible] through interpretation of national law, [illegible] countries are obliged [illegible] compensate individuals [illegible] damage they have caused through a [illegible] implement [illegible] (Francovich). Three [illegible] must be [illegible] envisage that rights be conferred on individuals; the contents of [illegible] rights must [illegible] from [illegible] wording [illegible] directive; [illegible] must [illegible] link [illegible] breach of the obligation [illegible] the damage [illegible]

In [illegible] in question, [illegible] there [illegible] directive on contracts negotiated away from [illegible] premises conferred rights on individuals; the minimum extent [illegible] rights could [illegible] identified from [illegible] wording. The Court indicated, in the [illegible] damage [illegible] a consumer which could be shown to have [illegible] caused by the member country's [illegible] obligations [illegible] implement [illegible] directive, [illegible] court [illegible] guarantee [illegible] right of consumers so damaged to obtain compensation according [illegible] national law on liability.

[illegible] C-91/92: [illegible] v Recreb Srl, ECJ FC, July 14 1994

BRICK COURT CHAMBERS, BRUSSELS

Individual investors at Shanghai's securities exchange (left) are not the only ones excited by Chinese listings – US and UK law firms based in Hong Kong (right) are also fighting for privatisation business

Risky act without a safety net

US firms could lose out in Hong Kong, says Nigel Page

At first glance, British lawyers in Hong Kong do not appear to be having it all their own way. In spite of the [illegible] that UK and [illegible] lawyers still have [illegible] monopoly over advising on [illegible] law, the American [illegible]ment banks have so [illegible] been [illegible] successful in securing [illegible] for the Chinese privatisations. This has translated [illegible] ready-made opportunities [illegible] US [illegible] firms that [illegible] client relationships with US banks.

The latest tranche [illegible] privatisation mandates, recently announced, was dominated by the American houses. Partly in anticipation of this, [illegible] firms have been pouring into Hong Kong over the last [illegible] eight months – many at [illegible] request [illegible] key [illegible] Even Cravath Swaine [illegible] Moore, which [illegible] until now been [illegible] willing to move overseas than its rivals, [illegible] been lured to Hong Kong this year. Shearman [illegible] Sterling and Davis [illegible] Wardwell have [illegible] opened for business there.

However, [illegible] may be deceptive. It [illegible] questionable whether [illegible] strategic [illegible] for US law firms [illegible] depend [illegible] heavily [illegible] their [illegible] bank providers. There are already [illegible] that [illegible] China bonanza for investment banks may [illegible] overestimated, [illegible] that the large investments being made by [illegible] in [illegible] Kong are rash, [illegible]sidering [illegible] competitive [illegible] marketplace [illegible] become.

If [illegible] the investment banks find themselves overstretched, [illegible] would be keenly felt by some of the [illegible] Wall Street [illegible] firm arrivals. Unlike their UK counterparts, Americans [illegible] leanly [illegible] fly [illegible] around [illegible] region [illegible] required. [illegible] built substantial [illegible] networks, although most [illegible] be running [illegible] practice from Hong [illegible] firms [illegible] regional practice [illegible] likely to find [illegible] painfully exposed. This [illegible] problem – [illegible] practice [illegible] built overnight, it demands long-term commitment and [illegible] willingness [illegible] region.

[illegible] headache [illegible] both [illegible] and [illegible] law firms: China's [illegible] immaturity. Structured legislation [illegible] still in its infancy [illegible] consequently many [illegible] at the documentation stage.

To this should be [illegible] that participation in last year's nine and [illegible] year's 22 privatisations was effectively [illegible] for many [illegible] firms [illegible] The competition [illegible] so intense that some put in unrealistically low [illegible]

This has [illegible] stopped hundreds [illegible] from applying [illegible] to practise in China – [illegible] licences have already been [illegible] and 100 [illegible] are anticipated this year.

There are no [illegible] however, that the Chinese authorities will [illegible] China [illegible] firm. This [illegible] potentially [illegible] news for those that were first in: ministry contacts made Beijing the obvious choice and, consequently, [illegible] foreign firms [illegible] there. Now, however, Shanghai's rapid [illegible] the dominant [illegible] increasingly attractive option. If [illegible] law firm is [illegible] more [illegible] city, [illegible] ploys it can [illegible] to [illegible] that [illegible] from [illegible] in [illegible] But how the [illegible] authorities will [illegible] many firms [illegible] circumventing [illegible] regulations remains unclear.

These uncertainties, coupled with [illegible] prohibitive [illegible] of [illegible]mercial property in Hong Kong, [illegible] maintaining [illegible] healthy [illegible] practice [illegible] urgent priority. [illegible] Jeremy Palmer, [illegible] of equity capital [illegible] Baring Brothers Hong Kong, [illegible] "Anyone, [illegible] or lawyer, moving to Hong Kong and concentrating solely [illegible] China [illegible] pursuing [illegible] very risky strategy."

[illegible] puts the [illegible] UK firms in Hong Kong on [illegible] ground – all have built up substantial Asian practices, usually around offices in Hong Kong, Singapore and Tokyo. They field large [illegible] spent years establishing close regional [illegible] If China [illegible] to deliver [illegible] promised rewards [illegible] medium term, the [illegible] offset. Many [illegible] the new US arrivals lack that cushion.

Against [illegible] backdrop, it is small surprise that [illegible] Hong Kong legal market has [illegible] increasingly aggressive. Late last year, Freshfields, the City of London law firm, acquired a [illegible] China specialists from Coudert Brothers, a [illegible] firm boasting [illegible] long Asian pedigree. Not only [illegible] this furnish [illegible] firm with instant expertise in a market where Mandarin-speaking capital markets lawyers [illegible] a premium, it also helped [illegible] boost [illegible] ability [illegible] advise on [illegible] law.

For [illegible] firms, the ability [illegible] (on [illegible] law) [illegible] ever [illegible] important – enabling [illegible] to advise [illegible] both [illegible] New York and Hong Kong listings [illegible] Chinese privatisations. Ever more deals carry 144A offerings (private placements in [illegible] exempt from Securities [illegible] Exchange Commission registration). [illegible] drafting [illegible] crucial accompanying 10b5 opinions – the anti-fraud opinions required by [illegible] – [illegible] vital goal.

[illegible] now, [illegible] have [illegible] comfortable appointing [illegible] British firm to render such opinions, [illegible] Street [illegible] knowledge. But the picture [illegible] slowly changing. Carrying a heavyweight New York law capability should help to make UK [illegible] more attractive in this respect. A [illegible] appointment [illegible] Clifford Chance, the City [illegible] firm, in Hong [illegible] advising the Manhattan [illegible] Co, a subsidiary of [illegible] Manhattan bank, [illegible] securitisation [illegible] – where [illegible] of the investors [illegible] York – [illegible] value [illegible] fielding [illegible] and [illegible] lawyers.

Although [illegible] leading Wall [illegible] Hong Kong will [illegible] it, [illegible] forthcoming amendment allowing them [illegible] practise [illegible] could help them [illegible] limit [illegible] posed by [illegible] Clif[illegible] Most listings will carry [illegible] Hong Kong or Euro-tranche, and [illegible] should give [illegible] the chance to hang on [illegible] work. They [illegible] that they are more than happy [illegible] work alongside [illegible] British peers, but [illegible] market begins [illegible] bite back in China and [illegible] Kong, they will [illegible] grateful for [illegible] they can get.

For the future, despite the [illegible] banks' [illegible] in China and [illegible] Asia, British law firms [illegible] placed [illegible] reap long-term rewards. Immediate gains from Chinese listings in the [illegible] York markets cannot be expected to cover the cost of running an Asian practice. If the new [illegible] arrivals are to [illegible] permanent fixtures, they will [illegible] heavily across [illegible] region. [illegible] question remains whether they are prepared [illegible] resources [illegible] such [illegible] expensive [illegible]

LEGAL BRIEFS

Lords diminish suspected fraudsters' rights

The rights [illegible] suspected [illegible] under [illegible] law have been further diminished after a House of Lords decision which, it admits, erodes their protection from self-incrimination.

The Lords had been asked to rule in the case of Mr Muhammed Naviede, former chairman of the Arrows trading company, charged by the UK's Serious Fraud Office with obtaining money by deception. His trial is pending. Mr Naviede was compelled to give evidence to the Arrows liquidators under section 236 of the Insolvency Act 1986. A dispute then arose over whether transcripts of his [illegible] with liquidators could by passed to the SFO and used in [illegible] at his criminal trial.

A Companies Court judge ruled the transcripts could be [illegible] the [illegible], but the prosecuting [illegible] had to undertake not to use [illegible] in evidence. This parallels the SFO's own powers to suspend the right [illegible] information under compulsion – material [illegible] then cannot be [illegible] in court.

[illegible] Court [illegible] Appeal [illegible] this decision, ruling [illegible] civil judge [illegible] apply such a condition on criminal proceedings. [illegible] law lords [illegible] upheld the [illegible] of Appeal's [illegible] They ruled that [illegible] surrounding [illegible] admissibility in criminal trials [illegible] transcripts [illegible] section 236 interviews – whether or not [illegible] would prevent a fair [illegible] – should be decided by the trial judge, not by [illegible] Companies [illegible] judge.

Bond advice

L[illegible] Paines recently acted as English legal advisers on the [illegible] global offering of convertible bonds for a [illegible] African [illegible] The [illegible] Liberty Life, South [illegible] largest proprietary [illegible] assurance [illegible] issued bonds totalling US$300m.

Harkness Financial Times Fellowship 1995

New USA Award

Applications are invited for the first Harkness-Financial Times Fellowship

The Harkness-Financial Times Fellowship is for study, practical experience and travel in the United [illegible] America, for 7 to 12 months starting in August, 1995.

The Fellowship is open to individuals active in any part of the business [illegible]

Outstanding runners-up will [illegible] considered for awards.

[illegible] aim of the Harkness-Financial Times Fellowship is to enable actual or potential leaders to benefit from new ideas, new practices and [illegible] contacts in the USA and to enhance their ability to bring about change and improvement in the UK.

Candidates are invited to propose their own project within the Fellowship's broad subject area which may be interpreted liberally: renewing the company; sustaining competitiveness; improving business performance against [illegible] background of rapid [illegible] change.

Fellowships are open only [illegible] British citizens. There are no formal age limits but the preferred range is late 20s to early 40s.

Further information and single application forms may be obtained from: Harkness-Financial Times Award, Harkness Fellowships, 28 Bedford Square, London WC1B 3EG. Requests for application forms must be accompanied by a self-addressed envelope, at least 10 by 7 inches, carrying 36p postage.

PEOPLE

Dixson builds team at Simon-Carves group

Keith [illegible] Fletcher [illegible] been appointed to the [illegible] posts of [illegible] chairman and managing director respectively [illegible] Simon-Carves group [illegible] companies within Simon Engineering, with [illegible] from yesterday.

The external appointments [illegible] further [illegible] by Simon's [illegible] strengthen [illegible] in [illegible] company's three core divisions, [illegible] which Simon-Carves, [illegible] engineering contractor, [illegible] one.

Bowden, [illegible] formerly [illegible] and general manager [illegible] George Wimpey International, with [illegible] experience in [illegible] management [illegible] projects.

Fletcher, 48, [illegible] had [illegible] experience [illegible] international capital projects with [illegible] nies such as [illegible] John Brown, British Aerospace and [illegible] recently [illegible]

[illegible] Gray [illegible] Lionel Hanney will [illegible] continuing [illegible] respective managing [illegible] of [illegible] principal companies in Simon-Carves – [illegible] Carves UK and Simon-Carves Australia.

[illegible] Simon-Carves [illegible] from £1m in 1992 to £3m [illegible] year, [illegible] turnover down [illegible] to £51.3m.

Cornford hopes insight pays off

[illegible] Cornford, recently departed [illegible] global foreign exchange [illegible] Natwest Markets, is now running [illegible] currency management [illegible] Currency Insight.

[illegible] new business, [illegible] in the [illegible] being set up, will focus on short-term trading strategies, offering inves[illegible] risk, moderate style [illegible] return, rather than [illegible] high risk strategies [illegible] pursued by hedge funds.

Currency Insight is [illegible] by Dawnay Day, [illegible] small merchant bank. It will [illegible] working in conjunction with Chilton Capital, a [illegible] consultancy group, which will [illegible] in raising [illegible]

Cornford [illegible] he would primarily be trying [illegible] attract [illegible] from an institutional [illegible] His marketing pitch [illegible] investment managers access [illegible] 25 years' experience [illegible] an interbank [illegible] in the foreign exchange [illegible] – [illegible] perspective, as he calls it, of a "fly [illegible] the wall [illegible] dealing room... I strongly believe [illegible] a [illegible] demand for somebody who [illegible] closedly [illegible]tified with the day-to-day com[illegible] in [illegible] marketplace."

[illegible] the timing [illegible] was opportune becausethe volatility [illegible] financial [illegible] year, often [illegible] odds [illegible] perceived [illegible] fundamentals, had [illegible] fund managers to [illegible] dogmatic about their [illegible] strategies.

NON-EXECUTIVE APPOINTMENTS

- [illegible] Grant, chairman [illegible] Sun Life, as deputy chairman [illegible] LONDON MERCHANT SECURITIES; [illegible] Jayson [illegible] retired.
- Hamish Swan, recently retired director [illegible] Bass, [illegible] chairman [illegible] BELHAVEN HOLDINGS.
- [illegible] Taylor, Lord Lieutenant [illegible] the County [illegible] Midlands, and Bernard Zissman, former Lord Mayor [illegible] Birmingham, [illegible] BIRMINGHAM BROADCASTING.
- Brian Hall, [illegible] ROLLINS HUDIG HALL.
- Lord McGowan, [illegible] and [illegible] corporate finance, Panmure Gordon, [illegible] WESSEX WATER.
- David Horner, [illegible] Strand Partners, [illegible] ROBERT H LOWE.
- [illegible] Philip Beck, chairman [illegible] John Mowlem, [illegible] DELTA.
- Nigel Rudd, chairman [illegible] Williams Holdings, [illegible] PILKINGTON.

Year 2000 gets its chief

Nicholas Hinton, 52, director-general [illegible] the charity [illegible] The Children [illegible] 1985, has been appointed [illegible] executive [illegible] The Millennium Commission, a commission created by parliament to help fund [illegible] projects across the UK to [illegible] 2000.

[illegible] commission will [illegible] financed by 20 per [illegible] of [illegible] net proceeds [illegible] the national lottery, which [illegible] amount to more than £100m annually.

The headhunters [illegible] sought [illegible] Hinton [illegible]lared interested [illegible] should possess "presence, authority and ingenuity" and have "experience [illegible] public affairs", [illegible] with "energy [illegible] drive". Hinton clearly [illegible] the bill on [illegible]

He has long experience in working [illegible] variety [illegible] charities, including the National [illegible] and Resettlement of Offenders and membership of the council of [illegible]

Hinton has also, in his time, spoken out against what he has perceived [illegible] bureaucratic handicaps of organisations like [illegible] United [illegible] More recently he [illegible] "authoritarian" [illegible] government report on the role [illegible] charities [illegible] Britain. [illegible] dismissed the report's proposal [illegible] changes as "privatisation [illegible] another [illegible]".

Hinton once harboured political ambitions, having [illegible] for the Social Democratic-Liberal Alliance, contesting a parliamentary [illegible] in [illegible] in 1983.

[illegible] of Hinton's loves [illegible] music. He was a music [illegible] Selwyn College, Cambridge.

New player sought for finance at Boosey & Hawkes

Boosey & Hawkes, the [illegible] instrument maker [illegible] music publisher, is looking for a [illegible] finance director [illegible] replace Paul Hazel, 42, who has resigned [illegible] in [illegible] job.

The company, which [illegible] majority [illegible] by Carl Fischer, a private [illegible] publisher, [illegible] no explanation for [illegible] departure. [illegible] joined the [illegible] 1989 from [illegible] International, filling a vacancy [illegible] by [illegible] promotion [illegible] chief [illegible]

Boosey [illegible] fortunes have recovered strongly [illegible] 1986, [illegible] it was [illegible] subject [illegible] unwelcome [illegible]

It [illegible] returned [illegible] profit [illegible] market capitalisation has grown more than [illegible] fold [illegible] It reports [illegible] interim [illegible] in [illegible]

ICI boosts its Asia strategy

Imperial Chemical Industries' Asian expansion strategy received another [illegible] yesterday when it announced [illegible] appointment of Peter Shaw as [illegible] vice president, [illegible] and [illegible]

Shaw, aged 50, below, will co-ordinate and [illegible] the group's international businesses [illegible] merger and alliance activities in [illegible] region. Presently [illegible] in the London acquisition department, he has previously worked for 10 [illegible] in the Asia-Pacific region, particularly Hong Kong.

Although [illegible] company [illegible] it [illegible] $100m plant for PET, [illegible] material for plastic bottles, in [illegible] US, the [illegible]cific region [illegible] ICI's [illegible] priority, according [illegible] Alan Spall, finance director.

Excluding Australasia, [illegible] region [illegible] 8 per cent of group [illegible] last year, for the [illegible] time, the company [illegible] more in the region than in the UK.

The company already [illegible] a paints joint-venture in [illegible]dong province, China, in [illegible]junction with [illegible] Pacific [illegible] Guangzhou Industrial Development Corporation. Most recently, ICI opened its CFC replacement factory in Japan, the result [illegible] a joint-venture with Teijin, [illegible] Japanese group.

ICI's largest [illegible] in [illegible] region have [illegible] north-west Taiwan, a [illegible] year pure terephthalic [illegible] plant making raw [illegible]rial [illegible] polyester.

ARTS

Constable's pencil sketch of Greenham Lock, dated June 5, 1821; drawings such as these formed the basis of his studio painting for the rest of his life

Scenes from Constable's sketchbook

Susan Moore draws attention to the intimate masterpieces which are so easily overlooked

Blockbuster exhibitions are not an easy place to con- [illegible] drawings. Monochrome, uniformly hung in bland museum mounts and frames, they inevitably appear like dowdy poor relations; there are always expanses of luscious oil paint urging us on. In the case of John Constable, there are bravura oil sketches and watercolours vying for [illegible] too. Beside his showy, revolutionary Academy [illegible] like "The Leaping Horse" and "The Hay-Wain", his pencil drawings are all too easily overlooked.

For this reason the relatively small [illegible] at Dulwich [illegible] Gallery, believed [illegible] be the first solely devoted [illegible] Constable as a draughtsman, is especially rewarding. The bulk of the exhibition is drawn from the collection of David Thomson, grandson of Roy Thomson, founder of the Canadian media empire. His is the largest holding of Constable drawings outside the V&A, and it is aired in public for the first time here. [illegible] narrow exhibition galleries make for a sympathetic setting in which to study these [illegible] intimately-scaled and always heart-felt landscape studies – and they repay our scrutiny handsomely.

Constable was a slow developer. An introductory [illegible] him throughout his 20s and 30s trying his hand at the various styles [illegible] some dozen contemporary draughtsmen. In "A Farmhouse by a River", he is emulating his first tutor, J.T. "Antiquity" Smith, borrowing the drawing master's looping pen and ink line and his taste for coloured tints. In an expansive panorama of a wooded landscape, the distant trees are simply outlined in pencil, *a là* Joseph Farington. "[illegible] Church" sees him adopt the nervous, Canaletto-ish line of Richard Wilson. In "A Lane near East Bergholt", the density of foliage of the trees is conveyed by Gainsborough's rapid diagonal lines of shading using the softest graphite.

It is only on the pages of the pocket sketchbooks of 1813 and 1814 [illegible] Constable comes into his own, responding to his native Suffolk landscape with an original and distinctive voice. The tiny sheets – 3 by [illegible] inches, sometimes slightly larger – of these and later sketchbooks are the gems of the show. On these pages [illegible] the draughtsman achieved [illegible] extraordinary feat of combining paint- [illegible] breadth and particularity.

He formulates a shorthand that finds exact visual equivalents for the information he is intent on recording. Topography, time of day and weather conditions are thus precisely rendered. [illegible] can judge exactly the distance to the knoll of trees or the incline of a [illegible] and comprehend the lie of the land of the rapidly noted panorama beyond and the cursorily abbreviated figures or cattle in the foreground.

A distant rain-squall is rendered by a faint scribble of vertical lines, a flock of birds in flight by the merest [illegible] of varying density. A keen eye for the effects of light and shadow and an infinite variety of touch enlivens the surface of each landscape or tree, note "The Great Alder in Leadenhall Garden". Constable referred to these sketches as "my memoranda". These vignettes have an immediacy and sense of place that bring them to life.

Interestingly, Constable's shorthand never appears formulaic. He seems to respond to each scene afresh. Unusually, he also chose to depict landscape as he found it, without wanting to elevate it as high [illegible] of the drawings in the exhibition are intimate pencil studies made directly from nature, memoranda that formed the basis of Constable's studio paintings for the rest of his life.

There are working drawings made during the development of the composition of major oils, "Stratford Mill" and "Hadleigh Castle"; a pencil por- [illegible] iron-gall ink sketches for a book illustration; and a proof mezzotint for his *English Landscape* [illegible] 1832, almost completely worked over in thunderous wash and white heightening. By now, Constable had, at long last, been elected as a full Royal Academician, his beloved wife had died leaving seven children and [illegible] was little opportunity [illegible] sketching in the countryside.

The show [illegible] with a relaxed and open "[illegible] Brook", executed during a rare expedition to Worcester taken in 1835 to deliver three [illegible] on the history of landscape. In this Constable employs a whole vocabulary of pencil marks, from flicks of the pencil point and soft hatching to using the dark, chiselled edge of the graphite, but the intensity of his earlier vision is dimmed.

The exhibition continues at the Dulwich Picture Gallery until October 16, and travels to the Frick Collection in New York in November and to the Art Gallery of Ontario in May 1995

Opera/**Richard Fairman**

Cheers for Peter Grimes

This should not be remembered simply as the year of the Glyndebourne boos. At the end of *Peter Grimes* a cheer went up which was as large as any heard at Glyndebourne in recent years, even if the enthusiasm of the occupants of the new standing places probably accounts for a few extra decibels.

It is an irony that the most challenging of the season's five operas should be getting the most audience-friendly performance. Trevor Nunn's production, dating from 1992, is traditional down to the last stitch of the fishing nets. It has sets by John Gunter that are more like the Sadler's Wells' originals from 1945 than any other *Peter Grimes* of the last 20 years: one can almost smell the salt spray on its East Anglian pebble beaches.

I have little doubt that Britten would have preferred it to the modern re-interpretations this year in Glasgow and London (not to mention the rest of Europe, where his operas are at last winning serious attention). But how quaint the opera seems in these pretty village sets, inhabited by the full range of amusing parochial stereotypes.

When the crowd sets out on its witch-hunt ("He who despises us we'll destroy") it is hard to take them seriously, despite Nunn arming the villagers with medieval helmets and a Klu-Klux-Klan burning cross. At ENO, this scene was for real. One shuddered at the hatred being revealed on stage.

Glyndebourne's production treats the opera more gently. In Anthony Rolfe Johnson it has the right Peter Grimes, lyrical, sensitive, at his best whenever Grimes is dreaming of the home life he longs to lead. In the duet outside the church, as he and Vivian Tierney's impressionable, young Ellen discuss their future, one senses happiness so near at hand and yet painfully out of reach. Neither she nor Alan Opie's sympathetic Balstrode are the people hardened by a cold, wind-swept, East-coast life that we usually see.

In the scenes with the "Borough" locals Nunn permits a lot of charming, old-fashioned staginess that has been banished by most of his contemporaries. John Fryatt's old woman of a Rector fusses about with flapping wrists. Yvonne Howard's Mrs Sedley is just a silly old nuisance, not malevolence wrapped in lace, and John Graham-Hall's caricature of Bob Boles as an elderly nutter never becomes a serious threat. Donald Adams is a splendid Swallow and Menai Davies a friendly Auntie with two serviceable Nieces in Paula O'Sullivan and Sarah Pring. Darren Wheeler acts naturally as the Boy.

It is difficult to get David Atherton's electrifying conducting of this opera a few months ago at ENO out of one's mind, but Franz Welser-Möst offers an acceptable alternative, allowing each act to build up from a gentle start to some fierce (and loud!) climaxes. The London Philharmonic played well for him.

It will be interesting to see if this Britten cycle at Glyndebourne is to progress further.

Further performances until August 25

Alastair Muir

Anthony Rolfe Johnson: sensitive in the title role

Promenade concert/**David Murray**

'The Wreckers' resuscitated

Dame Ethel Smyth (1858-1944) was almost as old as Elgar, and outlived him by a decade. In this retrospective Proms centennial [illegible] it was an excellent thing to remember [illegible] daughter [illegible] Marylebone: [illegible] being a [illegible], a suffragette and a number [illegible] other interesting things she [illegible] an [illegible] Prom conductor. At Sunday's Prom, Odaline de la Martinez conducted [illegible] 1906 [illegible] *Wreckers*, by which [illegible] wanted "to [illegible] fall".

The "wreckers" are a poor Cornish village tribe who take it as their God-given right [illegible] only [illegible] pillage any ship wrecked on their picturesque [illegible] (and murder [illegible] survivors), [illegible] increase [illegible] divine bounty by putting [illegible] lighthouse lamp [illegible] a promising storm. [illegible] headman [illegible] a fiery pastor; [illegible] young wife and her [illegible] lover Mark [illegible] only moral [illegible] in [illegible] lighthouse keeper [illegible] daughter – Mark's rejected [illegible] – along with [illegible] tavern [illegible] son [illegible] breeches-role) are [illegible] remaining principals.

The action [illegible] expertly contrived, with extraordinarily pungent pre-echoes of *Peter Grimes*. Act 1 introduces the variously troubled characters, and climaxes with the villagers' feral excitement at the prospect of another wreck; in Act 2 the dissidents light a warning beacon (rather than extinguishing it, as in *Tristan*) and swear eternal love, thus inviting [illegible]phe; in Act [illegible] the village condemns them to elemental death in a [illegible] (as in *Aida*, but wet instead of dry).

When Dame Ethel [illegible] *The* [illegible] with her devoted Henry [illegible] – in French originally, [illegible] American [illegible] had [illegible] there – [illegible] already a mature, experienced composer, essentially German-trained. [illegible] friendship [illegible] approval [illegible] Schumann, Brahms, Nikisch, Grieg, Tchaikovsky; the [illegible] programme-note by Ronald Crichton, who [illegible] recently, ascribed *The Wreckers*' lively, colourful orchestration (hardly German at all) to Tchaikovsky's guidance. For her time, she was a determined progressive who knew – up to a point – what was going on.

Sunday's performance revealed a well-made, well varied opera, original in much of its detail, eminently worth putting on. Pretty good, in short; but "pretty good" is what many other forgotten operas are too: operas which [illegible] not [illegible] repertoire [illegible] they are neither quite [illegible] class music, nor exhibits whose stron- [illegible] outweigh [illegible] them.

In [illegible] music and [illegible] dramatic action alike, Dame Ethel was too sensitive to what had already been done. She understood the point of other composers' best strokes, and emulated them – very professionally, not copying – where possible. But the result lacks integral conviction: we get a first act in which some of the characters establish themselves in uncomplicated ballads, in old number-opera style (once with a sudden flash of *Carmen*), and a second in which the fated lovers go into *Tristan* mode.

There I disagree with Crichton, who hears Wagner in *The Wreckers* only in the overture (*Flying Dutchman*) and in a few [illegible] bits [illegible] if the long duet is not a *steal* from Wagner, it is clearly the work of someone who has listened hard and thoughtfully to the *Tristan* duet and produced her own variant of it. That sits awkwardly: it is like introducing a character as Little Bobby Shaftoe and later turning him into Tristan. In another place again, where the sea suddenly gurgles in woodwinds, Dame Ethel was surely cultivating recent memo- [illegible].

And yet it all flows creditably, and carries some passion. The flow was sometimes sluggish under Martinez's direction, but in fixed tempi the orchestral sound was balanced and bright. The anguished pastor was Peter Sidhom, the lighthouse keeper and his daughter David Wilson-Johnson and Judith Howarth, the taverner and his son Anthony Roden and Annemarie Sand: all excellent, and in a smaller role Brian Bannatyne-Scott displayed a superlative bass.

The leads were more problematic. Though Anne-Marie Owens sang beautifully as the pastor's wife, her gift for invincible dignity and sobriety is not quite what that unhappy creature – intense, prickly, finally exultant – requires. As her lover, Justin Lavender needed to be a full-blooded junior Tristan; but that was not what he was built for, with his lightly elegant, objective style. It is just possible that better-cast lovers and a more fluent conductor might persuade us that *The Wreckers* is a Class B opera, not Class C. I doubt it, though.

INTERNATIONAL

ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: [illegible] music evening with Amanda Chan, Shana Downes and Avi Downes. Tomorrow: Lev Markiz directs New Sinfonietta Amsterdam in works by Mendelssohn, Mozart and Beethoven/Mahler, with piano soloist Ronald Brautigam. Thurs: Saulius Sondeckis conducts St Petersburg Camerata in Rossini, Britten, Borodin and Schubert. Fri: Arnold Katz conducts Novosibirsk Philharmonic Orchestra in Musorgsky, Tchaikovsky and Shostakovich. Sat: Jukka-Pekka Saraste conducts Finnish Chamber Orchestra in Beethoven and Schubert, with piano soloist Alexei Lubimov. Next Mon: I Musici (020-671 8345)

■ ATHENS

ATHENS FESTIVAL
Noh-Kyogen Theatre of Japan is guest ensemble tonight at the Odeon of Herodes Atticus, [illegible] on Fri and Sat by the Peter Hall Company production of Hamlet, starring Stephen Dillane and Michael Pennington. Highlights [illegible] in [illegible] festival include a Yevgeny Kissin piano recital on Aug 22, the Saito Kinen Orchestra with Seiji Ozawa on [illegible] 24, [illegible] Strasbourg Philharmonic on Aug [illegible] and 28, the Kirov Ballet from Aug 31 to Sep 4, Riccardo Muti and the Vienna Philharmonic Orchestra on Sep 6 and 7, and Lyon Opera Ballet from Sep 9 to 13 (01-322 1459/01-322 3111)

EPIDAURUS FESTIVAL
The annual festival of ancient drama in the 1,400-seat amphitheatre at Epidaurus hosts performances of Greek classical drama on most weekends throughout the summer. Sophocles' [illegible] of [illegible] is performed on Sat and Sun, followed by Aristophanes' Plutus on Aug [illegible] and 14. The Peter Hall Company will end the season on Sep [illegible] and 4 with Aristophanes' Lysistrata. Tickets are available daily at the Athens Festival box office or the theatre of Epidaurus on Fri, Sat and Sun (0753-22006)

■ CHICAGO

RAVINIA FESTIVAL
Tomorrow: Chamber Music Society of Lincoln Center in works by [illegible] and Mozart. Thurs: Marilyn Horne song recital. Fri: Riccardo Chailly conducts Chicago Symphony Orchestra and Chorus in sacred works by Verdi and Rossini. Sat: Chailly conducts Mendelssohn, Tchaikovsky and Brahms, with piano soloist André Watts. Sun: Oscar Peterson Quartet. Mon: Hermann Prey sings Schubert's Winterreise. Aug 11: Midori. Aug 12: Gidon Kremer. The festival runs till August 28. Ravinia is [illegible] in Highland Park, within easy reach of downtown Chicago by train, [illegible] or car. To order tickets by phone, call 312-ravinia. Outside the metropolitan Chicago area, call 1-800-433-8819. [illegible] can [illegible] 24 hours a day: 708-433 4582.

THEATRE
■ A Little Night Music: Michael [illegible] directs this Sondheim [illegible], hailed as the perfect romantic musical comedy. Final week (Goodman 312-443 3800)
● Jeffrey: as part of their Pride Performance series of gay and lesbian theatre, Bailiwick Repertory presents the Chicago premiere of Paul Rudnick's hit comedy about love and dating in the age of Aids (Bailiwick 312-327 5252)
■ Talking Heads: Steppenwolf alumnus and famed character actor John Mahoney directs the American premiere of Alan Bennett's tragicomic series of monologues. The cast includes Estelle Parsons (Steppenwolf 312-335 1650)
● Second City: the improvisational comedy craze was born in Chicago, and Second City is still its hub. Catch a comedy revue on the main stage or the company's smaller theatre (Second City 312-337 3992)

■ COPENHAGEN

Tivoli Tonight: Colorado String Quartet plays quartets by Beethoven, Piston and Smetana. Tomorrow: Jukka-Pekka Saraste conducts Finnish Chamber Orchestra in works by Beethoven and Schubert, with piano soloist Alexey Lubimov. Thurs: Gary Bertini conducts Tivoli Symphony Orchestra in symphonies by Mozart and Beethoven. Fri: Guarneri Trio. Sun: Alberto Lysy is violin soloist in a Vivaldi and Mendelssohn programme with the Copenhagen Chamber Soloists. The summer concert season runs till Sep [illegible] (3315 1012)

■ LONDON

THEATRE
● Broken Glass: British premiere of Arthur Miller's latest play, in which a woman becomes paralysed although she has no discernible ailments. David Thacker directs a cast including Henry Goodman, Margot Leicester, Ken Stott and Julia Swift. Now previewing, opens on Thurs in the Lyttelton (National 071-928 2252)
■ King Lear: Robert Stephens gives a towering performance in Adrian Noble's production, successfully transferred from Stratford. In repertory with The Tempest, with Alec McCowen as Prospero (Barbican 071-836 8891)
■ The Miracle Worker: Jenny Seagrove is the beautiful heroine in William Gibson's well-tailored tear-jerker about the blind infant Helen Keller, in a production which will move even the hardest cynic (Comedy 071-369 1731)
■ The Seagull: Judi Dench heads a splendid cast in Pam Gems's new version of Chekhov's play (National 071-928 2252)
■ Home: Paul Eddington and Richard Briers in David Storey's 1970 play set in a lunatic asylum (Wyndham's 071-369 1736)
■ She Loves Me: a delightful West End transfer of Scott Ellis' Broadway revival of the charming 1963 Masteroff, Bock and Harnick musical (Savoy 071-836 8888)
● The Card: Tony Hatch's musical, one of impresario Cameron Mackintosh's favourites, makes a stark contrast to the two Shakespeare plays in the summer repertoire at [illegible] Park. [illegible] Talbot directs Peter Duncan, Jessica Martin and Hayley Mills. Just opened (Open Air 071-486 2431)

DANCE
Covent Garden The Royal Ballet ends its season with a mixed bill tonight and tomorrow featuring Ashley Page's Renard and Ashton's A Month in the Country, followed on Thurs, Fri and Sat by Kenneth MacMillan's Romeo and Juliet (071-240 1066)
Royal Festival Hall English [illegible] Ballet takes up residence for the next two weeks with Ronald Hynd's productions of Sleeping Beauty and Coppelia (071-928 8800)

THE PROMS
Tonight's concert is given by the BBCSO under Oliver Knussen, followed by a Wagner night tomorrow with soprano Anne Evans, a British music night on Thurs conducted by Tadaaki Otaka, the Hallé Orchestra and Kent Nagano on Fri in a tribute to Barbirolli, a Ravel and Stravinsky programme conducted by Mark Wigglesworth on Sat, and a tribute to William Glock on Sun conducted by Colin Davis, Pierre Boulez and George Benjamin. Yan Pascal Tortelier conducts the BBC Philharmonic in Fauré, Ravel and Sibelius next Mon, and Peter Maxwell Davies conducts the world premiere of his Fifth Symphony next Tues (071-589 8212)

■ STOCKHOLM

Drottningholm Fri and Sun: Reinhard Goebbel conducts Benny Frederiksson's production of Heavenly Handel, a fantasia on the opera world of Handel, starring Anne Sofie von Otter and Barbara Bonney. Edoard [illegible] Puy's Singspiel Youth and Folly returns on Aug 23, and the festival ends on Sep 10 (08-660 8225)

■ VERONA

This year's operas are Norma, Otello, La boheme, Aida and Nabucco. Placido Domingo sings the title role in Otello on Fri and in a gala performance of operatic extracts next Tues (045-596517)

■ WASHINGTON

■ Crosby, Stills and Nash appear [illegible] concert tonight and tomorrow at Wolf Trap. The National Symphony Orchestra presents a Broadway programme on Thurs, followed by two evenings in which the orchestra provides the accompaniment for two films - F.W. Murnau's 1922 classic Nosferatu (based on the story of Dracula) and the 1925 Eisenstein film Potemkin. Emmylou Harris gives a country music concert on Sun, followed by David Sanborn next [illegible] (703-255 1860)
■ Alan Ayckbourn's farce A Small Family Business is in its final week at Olney Theater (301-924 3400)
■ The main summer show at the Kennedy Center is Miss Saigon, the musical love story set during the Vietnam war. Daily except Mon (202-467 4600)
■ Richard Hayman conducts the Baltimore Symphony Orchestra in a fireworks concert [illegible] Oregon Ridge on Sat (410-783 8000)

ARTS GUIDE

Monday: Performing [illegible] guide city by city.
Tuesday: Performing arts guide city by city.
Wednesday: Festivals guide.
Thursday: Festivals guide.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, [illegible] 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Misleading portrait of the poor

PERSONAL VIEW

"Income of poorest families down 17 per [redacted] as [redacted] gain 62 [redacted] cent" was the shocking [redacted] line which followed the recent publication [redacted] a [redacted] Department of Social Security report on low-income families*. A third [redacted] British children were declared [redacted] living in poverty and the Child Poverty Action Group said "we should be deeply ashamed".

It is true that the gap between [redacted] rich and poor has widened [redacted] lot under the Tories. But [redacted] headline [redacted] creating [redacted] – and in some cases dangerous – impression.

Many of those who appear to [redacted] trapped in poverty are not as badly off as appears at first sight. [redacted] hand, the [redacted] the particular [redacted] vulnerable [redacted] need additional support – notably pen[redacted] and [redacted] parents.

There are [redacted] main [redacted] in which t[redacted] figures are misleading.

First, poverty is often defined [redacted] below half [redacted] income. [redacted] used, people [redacted] fall into "poverty" [redacted] income [redacted] children [redacted] now be living below the poverty line, but it is [redacted] poverty line and [redacted] much higher in [redacted] for [redacted] base [redacted] for many compari[redacted]

Second, [redacted] evidence that [redacted] very [redacted] in [redacted] 1979, [redacted] their 17 per [redacted] in reported income.

The [redacted] government report [redacted] low-income [redacted] that [redacted] expenditure [redacted] poorest [redacted] per cent ("decile") [redacted] actually *higher* than that [redacted] the [redacted] decile up. And [redacted] people in [redacted] bottom decile spend [redacted] much as [redacted] in the [redacted]

Some [redacted] self-employed, [redacted] notoriously [redacted] up in [redacted] spending more [redacted] their reported incomes.

[redacted] the spending habits [redacted] the bottom [redacted] indicate [redacted] only about [redacted] third [redacted] actually as [redacted] as their reported income [redacted] People on low incomes [redacted] living [redacted] capital [redacted] borrowing; they may not report black market income; and some [redacted] are [redacted] as low-income [redacted] they happened [redacted] earn little or nothing during the short [redacted]lection period.

More than half the bottom decile [redacted] and their ownership of other consumer durables [redacted] much closer to [redacted] than in [redacted] About half the bottom decile own their homes, well up on 1979, though [redacted] own [redacted] without [redacted] mortgage.

[redacted] the 17 [redacted] fall in [redacted] income, that is "after housing costs". [redacted] allowing for housing costs, the reported income [redacted] poorest [redacted] not fallen below [redacted]

Statistics are creating a false – and in some cases dangerous – impression

levels, [redacted] at the peak of unemployment in 1991-92.

Today's higher housing costs at least partly represent improved housing quality. [redacted] reports [redacted] "There [redacted] indications [redacted] experienced improvements in housing conditions, both absolutely and relative to the rest of the population."

Finally, and more controversially, the report fails to identify as poor some of those most in need of extra help. The statistics omit all those living in [redacted] or [redacted] accommodation, some of the poorest in society. They also do not allow for the extra needs of the old and people bringing up children alone, [redacted] high proportion of those on low incomes.

Groups [redacted] extra means-tested social security benefits. In practice, these help with the additional costs they face to maintain the same standard of living as fit young adults. Pensioners, [redacted]ple, need more heat. Their failing teeth and eyes require hun[redacted] pounds [redacted] spending each year. They must pay for help with tasks that fit young adults can [redacted] them[redacted] no longer take the form [redacted] humping rucksacks and sleeping rough. On the income [redacted] earning [redacted]tunities are fewer.

But the extra these groups get in social security benefits has the effect of making them appear better off in the statistics than they are in reality. If the social security department published an extra set of statistics which reflected those additional needs, the composition of the poorest sections of society would be more accurately determined. The rates used for the main means-tested benefit, income support, provide [redacted] easy basis for compiling such fi[redacted]

In their present form, the [redacted] the elderly are no longer poor. The danger is that they could be used to argue for cuts in benefits for pensioners. An additional set [redacted] figures [redacted] avert [redacted] danger.

Two other quick-and-easy policy changes would [redacted] help in narrowing [redacted] between the richest [redacted] poorest. [redacted] all [redacted] in the standard [redacted] – including pension contribu[redacted] lump-sum pay-outs. [redacted] other would [redacted] increase [redacted] it [redacted] as part [redacted] caring par[redacted] income.

These [redacted] would bring [redacted] the income of top-rate taxpayers without increasing [redacted] They would help par[redacted] kind [redacted] which [redacted] them, including the [redacted] neglected option of daytime [redacted] by par[redacted] themselves. And they would push families with [redacted]dren up [redacted] temporarily unemployed.

The other [redacted] priority [redacted] up by [redacted] the housing subsidy system – but that [redacted] another [redacted] more complicated story.

Mary Campbell

[redacted] author is a freelance [redacted] and [redacted] Below Average Income (HBAI), Department of Social Security, £25 from HMSO, July 1994

W[redacted] US Vice-President Al Gore arriving in Kiev today, Ukraine's newly-elected president is spending his second week in office just [redacted] he spent his [redacted] talking [redacted] western leaders [redacted] launching a programme of market reforms [redacted] rescue one of eastern Europe's most unstable economies.

Mr Leonid Kuchma's courting of the west is a remarkable reversal of his campaign theme of integration with Russia. [redacted] of the widely-expected post-victory trip [redacted] Moscow [redacted] smooth [redacted] with Russia's President [redacted] Yeltsin, Mr Kuchma last week entertained the head of the International Monetary Fund. He agreed to draw up an economic [redacted] programme in conjunction with [redacted] IMF by October.

"We'll always have time for Russia," [redacted] senior Kuchma official [redacted] he came [redacted] of [redacted] meeting with [redacted]setts Institute [redacted] Technology economist, Mr Rudiger Dornbusch, who [redacted] the president. "We need to [redacted] the opportunity we [redacted] now [redacted] meet with the west."

Mr Kuchma's only tilt in [redacted] direction [redacted] he [redacted] has been [redacted] joint statement with [redacted]sin on [redacted] importance of resolving soon Ukraine's dispute [redacted] over the [redacted] of the [redacted] fleet.

In appeasing Russia, but making [redacted] with the west, [redacted] playing [redacted] game – he's continuing the ambiguity over Ukraine's geopolitical orientation but pursuing economic reform to get western assistance," says Mr Ian Brzezinski of Ukraine's parliamentary advisory council, which acts as an independent think tank. In balancing his actions, [redacted] motivatived in part by political pressures: "He realizes taking the Russian path creates too much ten[redacted] with Ukraine's nationalists," says Mr Brzezinski.

But Mr Kuchma also seems to be following the footsteps of the Russian Prime Minister [redacted] Chernomyrdin, the ex-[redacted] industrialist who, [redacted] reputation as [redacted]servative, has [redacted] pragmatic in [redacted] with [redacted] Mr Chernomyrdin eventually succeeded in carrying out a programme more austere than that of his radical predecessor, Mr Yegor Gaidar.

To [redacted] the links [redacted] making with the west, Mr Kuchma, a former missile factory boss, has brought into his administration a younger gen

Jill Barshay asks what chance western-backed market reforms have [redacted]f succeeding in Ukraine

'Twere well it were done quickly

eration [redacted] Ukrainians [redacted] for the country [redacted] embrace [redacted]ern-style market reforms. At [redacted] is $4bn of World Bank and IMF loans for economic restructuring promised at the Naples summit last [redacted] of the group of seven main indus[redacted] nations (G7).

One recruit [redacted] 34-year-old Mr Volodymyr Kuznetsov, recently named as head [redacted] Kuchma's Economic Service, [redacted] is responsible [redacted] draw[redacted] up policy proposals. Mr Kuznetsov, [redacted] trained at [redacted] University by the Gorbachev-era radical economist, Mr [redacted]alin, author of the 1990 "500-day plan" [redacted] into the Soviet Union which was [redacted] down by the then [redacted] leader.

The initial signs [redacted] that Mr Kuznetsov will [redacted] working [redacted] the two ministers responsible [redacted] policy – [redacted] though both [redacted] appointed by Mr [redacted] predecessor, Mr Leonid Kravchuk. Economics min[redacted] Mr [redacted] keen [redacted] see an IMF [redacted] adopted, [redacted] observ[redacted] Mr [redacted] the finance minister, as a wel[redacted] replacement for [redacted] predecessor, Mr Hrihory Pyatachenko, regarded [redacted] typical old-school, [redacted] minister.

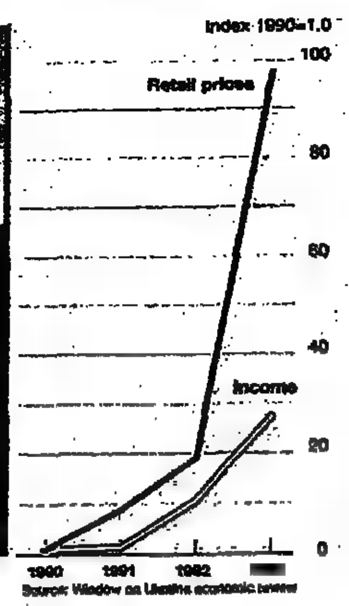
But if [redacted] Kuchma is to lay [redacted] of [redacted] programme that [redacted] IMF approval [redacted] only [redacted] communist-dominated parliament adjourned last Friday for [redacted] one-and-a-half [redacted] "We're going [redacted] window to [redacted] maximum," [redacted] Mr [redacted] awaiting [redacted] president's signature in the [redacted] which [redacted] in [redacted] main [redacted]

- [redacted] of [redacted] position of [redacted] enterprises [redacted] launching of bankruptcy proceedings against [redacted] deepest in [redacted] red.
- [redacted] of a single exchange [redacted] by late [redacted] replace [redacted] current complex [redacted] of market and various official exchange [redacted]
- A [redacted] to issuing [redacted] bonds [redacted] incurred by [redacted] government, [redacted] printing [redacted]
- Lowering [redacted] interest [redacted] to spur investment.

[redacted] economists [redacted] are [redacted] – in particular because of the impact they [redacted] have on government [redacted] A [redacted] programme, how-

President Leonid Kuchma

Ukraine: living standards on the slide



'We need to use the opportunity we have now to meet with the west'

ever, would [redacted] certainly involve [redacted] more extensive changes [redacted] structure [redacted] Ukraine's overwhelmingly [redacted] (less than [redacted] of enterprises have [redacted] privatised).

"My [redacted] is they're [the administration] ready [redacted] now [redacted] see [redacted] means [redacted] stop [redacted] deficit," [redacted] Dornbusch. "The [redacted] is blowing strongly for change. But [redacted] won't [redacted] easy."

Mr Kuchma [redacted] yet to prove that [redacted] he signs will actually be implemented – given [redacted] of Ukraine's beaucracy. [redacted] still bigger [redacted] may be [redacted] parliament, [redacted] the limited [redacted]posed so far by [redacted] Kuchma. The largest parliamentary faction – [redacted] the revived Communist Party of Ukraine – pushed through [redacted] temporary [redacted] on privatisation shortly before the summer recess. The president [redacted] gambling [redacted] he [redacted] cower the parliament into endorsing [redacted] economic plans.

This will not [redacted] easy. [redacted] apparently fickle electorate [redacted] for [redacted] parliament [redacted] economic reform [redacted] before [redacted] elected Mr Kuchma president after [redacted] campaign [redacted] he had [redacted]ised just such [redacted]

Adding [redacted] task Mr [redacted] are Ukraine's mounting economic problems, which [redacted] harder [redacted] former [redacted] Union. For instance, the economy, left with the steel mills and heavy industrial plant set up [redacted] equip the old Soviet military machine, was developed at a time when oil was supplied virtually free from Russia.

"It's much easier [redacted] turn around a small country like Estonia. Ukraine [redacted] one of the largest countries in Europe," says Harvard economist Professor Jeffrey Sachs. "You're talking [redacted] a very large number [redacted] people. So much industry [redacted] in [redacted] wrong place."

Ironically, [redacted] decline since independence in 1991 has, [redacted] made reform easier. [redacted] factor is psychological: falling living standards for [redacted] country's 52m citizens have convinced an increasing number [redacted] reform [redacted] needed. [redacted] falls [redacted] production also mean "much [redacted] adjustment associated [redacted] structural reform has already taken place", according to Prof [redacted]

But the deterioration has encouraged the black market. To [redacted] is also a good sign, suggesting a nascent market economy is emerging. But evading the law has become so commonplace that it will [redacted] hard [redacted] encourage people [redacted] pay taxes even if [redacted] regulations [redacted] relaxed to [redacted] up trade.

That adds to the [redacted] on Mr Kuchma [redacted] sooner rather than [redacted] Just as the parliamentary [redacted] offers him an opportunity, it [redacted] opening [redacted] to [redacted] and promote a genuine stabilisation programme in an economically backward country which could become politically unstable if its economic decline spirals out of control. "When you [redacted] and say we're ready [redacted] help from the start, there's [redacted] greater chance of things of working," said Prof Sachs.

For the west, a stable Ukrainian economy would put in a less threatening light the problems of the Chernobyl nuclear [redacted] station [redacted] Ukraine's ageing nuclear [redacted] With [redacted] new administration there [redacted] a chance [redacted] put [redacted] on [redacted] footing. "Kuchma's [redacted] It's a chance to see if there's a new opening to do something different," [redacted] diplomat. More [redacted]cally. [redacted] prospect [redacted] western money flowing [redacted] Ukraine's distressed [redacted] help [redacted] president [redacted] considerable [redacted] obsta[redacted] reform.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London [redacted] 9HL

Fax [redacted] 873 5938. [redacted] be clearly typed and not [redacted] Please set fax [redacted] resolution

Major's position concentrates state power

From Mr Anthony Barnett.

[redacted] I [redacted] carefully to the prime [redacted] speech to [redacted] European Policy Forum on the limits [redacted] the state ("Major [redacted] to limit [redacted] state", July 28). Despite your editorial's lukewarm comments ("Major's soliloquy"), it [redacted] go down as an [redacted] moment. For Mr Major [redacted] there should be no change [redacted] Britain's [redacted] new constitutional settlement whether with respect to Europe, to Scotland and Wales, in making [redacted] or even [redacted] Bill [redacted] Rights. [redacted] the board [redacted] opposed positions recently reaffirmed [redacted] Labour policy by Tony Blair, in his [redacted] speech.

It is strange [redacted] such [redacted]mental [redacted] are so poorly reported. If, for example, the leading [redacted] pres[redacted] demand [redacted] constitution with respect [redacted] the Bill [redacted] and state [redacted] would gain more cov[redacted] in British [redacted] than [redacted] but [redacted] time [redacted] dispute, [redacted] our own country.

Mr [redacted] described how the role [redacted] the [redacted] always [redacted] checked – and [redacted] he [redacted] to check it. But there [redacted] striking irony in [redacted] approach, for he will [redacted] allow people themselves [redacted] power [redacted] the [redacted]

A Bill [redacted] could give [redacted] public the possibility of [redacted] overweening authority of an increasingly arbitrary executive. Regional autonomy could limit [redacted] of the [redacted] as well [redacted] initiative. [redacted] example helps [redacted] the point most clearly. Mr Major [redacted] the publication of information on [redacted] branches of [redacted]tion [redacted] health service as helping to ensure [redacted] ser[redacted] and more efficiency. And I agree, [redacted] starting point [redacted] accountability must be [redacted] comparative [redacted] on [redacted] public services deliver.

But [redacted] what to publish? Surely not [redacted] need a Freedom [redacted] Information [redacted] – something Mr Major's government has [redacted] against. Such [redacted] would give the public [redacted] right to try to limit wrongful use of authority, for example by asking who is being appointed to quangos, and why.

The prime minister presents himself as a [redacted] con[redacted] But he is [redacted] not [redacted] by government. In doing so he is undermining its legitimacy.

The [redacted] election, therefore, [redacted] well [redacted] fought [redacted] two constitutional revolutionaries. Those who wish to draw upon and preserve traditions of [redacted] and local initiative as well as [redacted] government will [redacted] to heed [redacted] of [redacted] opposition parties, [redacted] should [redacted] themselves [redacted] by the low-key rhetoric [redacted] Mr Major into thinking he repre[redacted]

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Value in investigations

[redacted] Fox.

Sir, Inspections by [redacted] Department [redacted] and Industry form a valuable function ("Bin those reports", July 28). My experience is that businessmen and institutions alike are concerned not only to comply with [redacted] avoid criticism. The City has a long memory.

The fact that [redacted] DTI [redacted] a [redacted] requests [redacted] investigations [redacted] that investigations are widely regarded as important and useful.

Reports are usually made public [redacted] is [redacted] genuine public interest involved. They are an important influence on standards of corporate behaviour. In one [redacted] a solicitor who accepted an appointment as [redacted] non-executive [redacted] listed company was [redacted] owning [redacted] significant proportion [redacted]ny's shares, and [redacted] firm [redacted] as [redacted] company. Criticism in [redacted] DTI report has [redacted] in [redacted] being far [redacted] allowing themselves [redacted] placed in [redacted] position [redacted] problems.

You suggest inspectors' reports are [redacted] expensive [redacted] £35, the Atlantic report [redacted] well with the [redacted] many leading company [redacted] and accountancy textbooks; how many [redacted] are [redacted] £6.5m-worth [redacted]

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Only cloth caps and tiaras

From Mr [redacted] Farrant.

Sir, [redacted] Crisp's other[redacted] suggestions [redacted] much of elitism ("The decline [redacted] fall [redacted]gance", July 18). May I suggest two simple changes [redacted] provide [redacted] little more democracy:

- To [redacted] evening dress [redacted] would be mandatory elsewhere, all [redacted] in [redacted] amphitheatre would [redacted] required [redacted] wear [redacted] a [redacted] the elitists, tiaras could be issued [redacted] the occupants [redacted]
- To ensure [redacted] equity within [redacted] selected [redacted] zones, purchasers [redacted] would be [redacted] with [redacted] regulated [redacted] appropriate [redacted] their zone on arrival [redacted] theatre, the Crush [redacted] being [redacted] for changing purposes.

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OFT consistently misses point on monopolies in food retailing sector

[redacted] and Professor Tim Lang.

Sir, You report ("Sainsbury takes on Tesco in bid for Wm Low", July 29) that, according to Sainsbury, its acquisition of William Low would raise the company's [redacted] share from 3 per cent to 10 per cent, and from 11.4 per cent to 12 per cent [redacted] a UK level. If these figures are true (and calculations of market share for the big food retailers are notoriously variable, according to their source), a reference to the Monopolies and Mergers Commission seems most unlikely.

This would also be consistent with [redacted] periodic findings [redacted] the [redacted] Fair Trading that there is no [redacted] case against [redacted] big UK [redacted]ers on the grounds of monopolistic [redacted] anti-competitive prac[redacted]

In our view, [redacted] OFT has consistently missed [redacted] point. Food retailing, by [redacted] nature, is not [redacted] with [redacted] production [redacted] manufacturing. Food shopping [redacted] a [redacted] activity, [redacted] food [redacted] both [redacted]ishable and essential [redacted] every consumer. Though [redacted] travelled [redacted] shop [redacted] up, shopping trips are still [redacted]whelmingly [redacted] in length.

It is, therefore, [redacted] level that the impact of retail concentration will be – and is being – [redacted] In parts of the UK, [redacted] big three food retailers [redacted] half the [redacted] and [redacted] market [redacted] two-thirds. It is precious little solace to the consumer facing [redacted] know that, nationally, market [redacted] are too low to justify [redacted] reference to the MMC.

The current takeover speculation [redacted] us [redacted] what [redacted] should [redacted] At the moment it is [redacted] the UK level. As Brus[redacted] gains competence [redacted] economies [redacted] integrated, presumably [redacted] will shift [redacted] the EU [redacted] Ultimately, post-General Agree[redacted] on [redacted] and Trade world market [redacted] will no doubt be [redacted]

[redacted] Sainsbury and [redacted] into Scotland means the question [redacted] from [redacted] the OFT [redacted] it [redacted] swallowed by the jostling leviathans.

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US boxed in over Japan

At first sight, last weekend's US threat of unilateral trade sanctions against Japan may look like an attempt [redacted] use American strength to browbeat Tokyo into concessions. On closer inspection, however, the evidence suggests that it [redacted] Washington which [redacted] boxed itself into [redacted] and urgently [redacted] an [redacted] route.

The promise that he could do better than the Bush administration in opening Japanese markets was one [redacted] pledges on which [redacted] Bill Clinton came [redacted] office. Yet, with [redacted] arguable exception of [redacted] agreement covering [redacted] Motorola mobile [redacted] phones, his administration's "results-oriented" approach [redacted] been conspicuous [redacted] its [redacted] deliver its intended [redacted]

[redacted] Japanese [redacted] ments have, rightly, [redacted] US [redacted] commit [redacted] to "[redacted] indicators" [redacted] judging [redacted] effect [redacted] market opening. Washington's [redacted] that these are not numerical targets, which the Japanese government would [redacted] by intervening in [redacted] market, [redacted] little [redacted] The US objective [redacted] managed [redacted] under [redacted] name. [redacted] to pursue [redacted] not advanced – and may have hindered – those political forces in Japan committed [redacted] the genuine liberalisation which Washington says [redacted] is eager to promote.

At the same time, the administration's stance has earned widespread condemnation among [redacted] main trade partners, above all in Asia, [redacted] region [redacted] the [redacted] that [redacted] lies. Its fractious relationship with Japan, combined with its equivocal attitude towards China, raises doubts about whether Washington knows what it wants.

Political weakness

Recently, [redacted] other factors [redacted] strengthened the impression that the administration [redacted] the initiative and [redacted] negotiating [redacted] political weakness. One is [redacted] renewal of its Super-301 [redacted] mechanism after the collapse in February of the trade [redacted] President [redacted] and [redacted] Japanese prime [redacted] ter Mr Morihiro [redacted] appears to [redacted] a delaying tactic, designed to [redacted] political pressures in the [redacted] while efforts continued to reach a bilateral framework trade agreement. However, by imposing an autumn deadline for a deal, Super-301 has placed successive Japanese governments in a position of negotiating under duress, making it still harder for them to justify domestically concessions the US wants.

The second factor is the administration's recent confusion about the state of the dollar. [redacted] has forsworn [redacted] policy of encouraging further yen appreciation – a course which in any case might have little impact on the bilateral trade balance. Equally, concern about the dollar requires Washington to weigh seriously the potentially negative effect which trade sanctions against Japan could have on currency markets.

Calm response

Tokyo's [redacted] calm [redacted] developments [redacted] it perceives Washington's options to be increasingly limited. It is no doubt emboldened by the administration's past record of retreating from confrontations – most notoriously over its threat to deny most favoured nation treatment of Chinese exports.

However, there is still a danger that Tokyo will feel tempted to appease Washington with a symbolic purchase of US exports. That would play into the hands of the US managed [redacted] and dis[redacted] against [redacted] part[redacted] Instead, Japan should encourage [redacted] to [redacted] complaints multilaterally, preferably through [redacted] Gatt, [redacted] Economic Co-opera[redacted] forum.

On [redacted] rational [redacted] Washington [redacted] recognise [redacted] such [redacted] myopic [redacted] Japan's trading practices far exceeds the importance of the bilateral trade deficit to US economic prosperity. In stubbornly making demands which Japan is unable to meet, it has unnecessarily antagonised an important ally, incurred international opprobrium and diverted valuable government resources from more urgent priorities. It is time for the US to put this narrow dispute behind it and concentrate on reasserting its traditional leadership in global trade and economic policy.

Cutting public expenditure

[redacted] UK Treasury has long [redacted] a robust – [redacted] brutal – approach to the appraisal [redacted] government departments' spending plans. [redacted] candid clash [redacted] opinion behind the veil [redacted] subjects [redacted] plans [redacted] rigorous [redacted] searching scrutiny. That veil [redacted] temporarily [redacted] yesterday with the leaking of a letter from the Treasury to [redacted] Michael Heseltine, Trade and Industry secretary, on his department's programmes of support for industry.

The letter [redacted] written [redacted] ago by Mr [redacted] Portillo, [redacted] time [redacted] secretary, as part [redacted] the "fundamental expenditure review" [redacted] the DTI. [redacted] reviews [redacted] launched in February 1993 [redacted] examine departments' long-term spending plans [redacted] a [redacted] over underlying [redacted] continuing growth in public expenditure. [redacted] was to find areas of public expenditure from which [redacted] might withdraw altogether [redacted] spending might be better targeted.

[redacted] leaked [redacted] Mr Portillo's [redacted] appear [redacted] much more on the first part [redacted] the brief than the second. Mr [redacted] castigated [redacted] offering no [redacted] up [redacted] apart from one where activity is already suspended. He [redacted] supporting [redacted] interventionism prevalent in earlier decades, which Conservative governments [redacted] have prided themselves on abandoning. [redacted] is urged to [redacted] much more [redacted] in getting [redacted] ernment "out [redacted] and individuals' hair".

Fundamental rethinking

It [redacted] right that [redacted] Treasury should urge such fundamental rethinking on ministers as part [redacted] the current reviews. Yet Mr Heseltine [redacted] credit for having already detached his department from activities that are better suited to the private sector. He has taken the lead in privatising his research agencies, for example, [redacted] than wasting time [redacted] market-testing. [redacted] has also under[redacted] privatise coal and the post [redacted] (the latter with less than full-hearted support from some [redacted] colleagues).

[redacted] for [redacted] DTI's [redacted] it has been shrinking over [redacted] from [redacted] in 1988-89 to around £1.25bn [redacted] year. There [redacted] no doubt that more [redacted] be [redacted] to focus programmes of support for industry, to ensure that they are not displacing private sector consultancies or duplicating research that business would happily pay for. But there is a role for government in helping small and medium-sized [redacted] in getting into export markets or in tapping into what consultancy can offer.

Selective assistance

[redacted] in a world [redacted] compete for inward investment, there is also a role for regional selective assistance in bringing jobs to the UK's assisted areas. A recent study by PA Economic Consultants found that, between 1985 and 1988, the scheme had created or safeguarded at [redacted] 75,000 jobs at a net cost of £560 to £790 per net job year. The benefits of persuading Nissan to come to Sunderland, or Honda to Swindon, have reached far beyond the jobs created to bringing new work methods that have been copied in other UK industries.

Compared with the £251bn the government will spend this year, the DTI's budget is almost insignificant. If the Treasury is to make a worthwhile impact on future public spending plans, it is the big spending departments – such as [redacted] security, health, education and the Home Office – that will need to be tackled. Yet the early results of the reviews in these departments have been disappointing.

In health and education, spending will rise in real terms over the next three [redacted] Ministers continue to duck the question of how [redacted] fund the expansion [redacted] higher education: until they [redacted] it, spending will [redacted] up. In [redacted] Home Office, the [redacted] has spurred the greater use of private finance in the prison service – but that will merely hold the budget [redacted] in [redacted] rity [redacted] real progress appears [redacted] have [redacted] made in whittling down the department's [redacted] growth.

[redacted] department can immunise itself [redacted] pressures [redacted] public expenditure. And the [redacted] justify value [redacted] money in all government programmes should [redacted] unremitting. But the Treasury would [redacted] trate on [redacted] the [redacted] in Whitehall's eye [redacted] setting about removing [redacted]

Gnomes with big ambitions

Big Swiss banks are looking increasingly for earnings growth overseas, says John Gapper

Switzerland's bankers were once famously described as [redacted] of Zurich". The image of them as cautious, secretive characters tucking away cash in a small mountainous country [redacted] lasted ever since. But the big three Swiss banks are now taking steps to shed it. "It is not enough to be a gnome any more. We must be international bankers," says Mr Josef Ackermann, chief executive of Credit Suisse.

Last week CS Holding (parent of Credit [redacted]) opened [redacted] half-year results season which will show [redacted] further shift in the balance of their [redacted] towards global operations. Their determination [redacted] break out of an over-crowded and competitive home market is leading to results that appeared impla[redacted] even at the start of this decade. In another five years, their nickname could be a relic of history.

The transformation carries risks, even if it succeeds. The range of businesses on which they are building an international strategy is narrower than in Switzerland, where they mix retail banking, lending to big companies and securities broking. Abroad, the big three want to rival global investment banks such as the US firm Goldman Sachs. By doing so they risk their earnings becoming more dependent on the activity of financial markets, and so more volatile. CS Holding's trading income fell by 35 per cent to SFr949m (£114m) in the first six months of 1994, compared with the same period a year before.

Furthermore, it will affect their culture. The heads of the big three already talk of the solid, conservative Swiss approach being loosened by the deal-making culture of their international arms. "Our tradition is to be long-term oriented, rather than working for bonuses. We treat the bank as if it is our family company, and we want to keep it for the next generation," says Mr Ackermann.

The banks have decided to run such risks in exchange for the prize of developing an earnings stream to supplement their Swiss profits. They face fierce competition, not only from US securities firms which currently dominate the securities broking and corporate finance businesses, but from large banks in several other European countries which are also trying to build international arms.

But the Swiss have some natural advantages. Mr John Leonard, European banking analyst at Salomon Brothers, the US investment bank, says they gain from their capital strength. This gives them high credit ratings – topped by Union Bank of Switzerland's triple-A rating – which are increasingly important in selling financial derivatives, complex instruments whose value is based in part on that of an underlying financial market.

Furthermore, Mr Leonard argues that the Swiss banks have a history of sound management controls. This means their shareholders are likely to support their efforts to build international arms without fearing unexpected losses. "All the banks strike me as having a record of strong management. They are less likely to enter risky businesses they do not fully understand," he says.

The Swiss also have a pressing motive for expanding abroad. Their home has become one of the most competitive retail banking markets in the world, and profit margins are too low to compensate for persistent bad debt problems. The big three's domestic return on equity fell to between 5 and 6 per cent last year because of high bad debt, and is unlikely in the medium term to recover to levels in other countries.

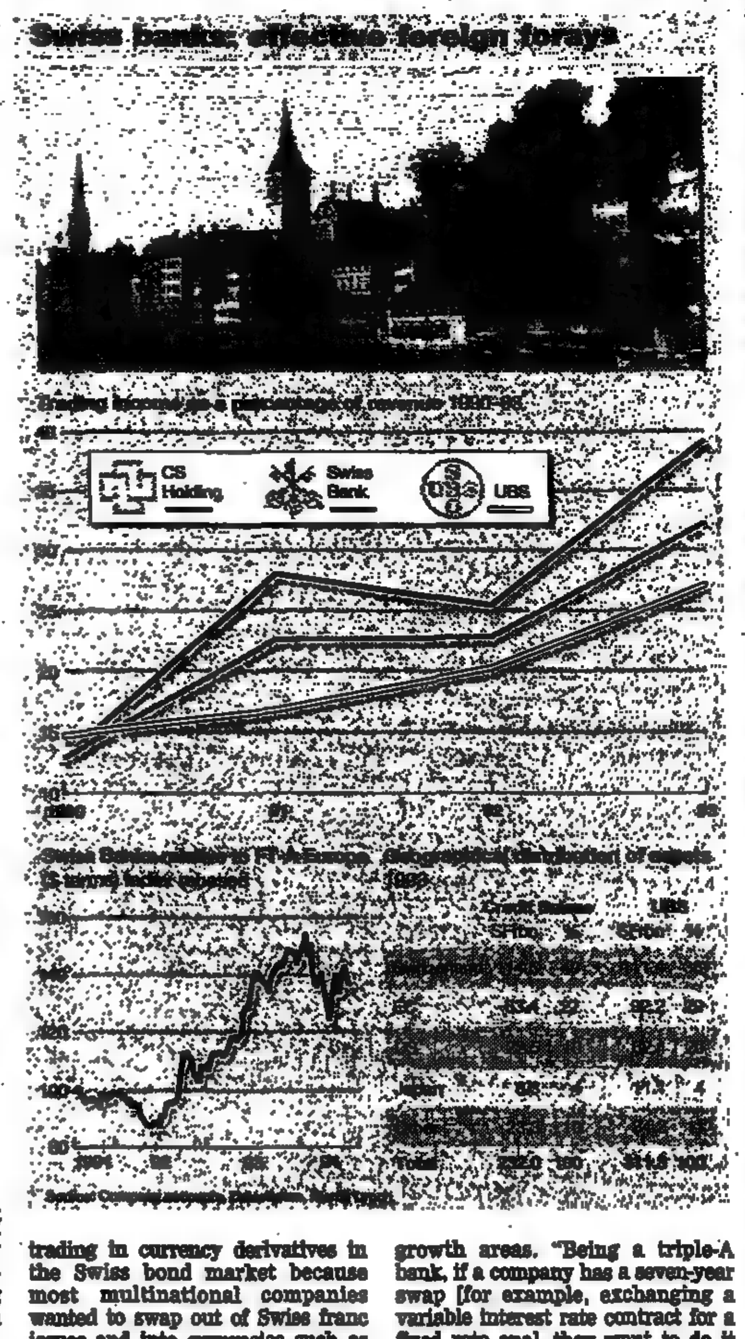
These factors led to a push abroad by the big three at the turn of the decade. Swiss Bank Corporation and Union Bank of Switzerland had bought London broking firms in the 1980s – with UBS making the most substantial purchase in Phillips & Drew – and Credit Suisse had merged its international investment bank with the US firm First Boston in 1988.

But none of these efforts had worked wholly as planned. UBS had difficulty integrating Phillips & Drew with its own operations; SBC found it had not gained true access to London markets (see below); while CS First Boston was plagued by internal divisions throughout the 1980s and early 1990s because it was run as a collection of regional operations rather than a single firm.

Since the turn of the decade, SBC and UBS have restructured international operations, and tried to make them more coherent. But CS Holding has continued with a dual strategy of expanding Credit Suisse operations, and making CS First Boston more effective. It has linked the two with a joint venture, Credit Suisse Financial Products, to engineer and sell derivatives.

The efforts bore fruit last year, when the Swiss banks were in a good position to take advantage of the strength of bond and equity markets as well as European currency turmoil. It led to UBS raising its pre-tax profits by 69 per cent in 1993, with a third of earnings coming from abroad, while trading income – much of it generated abroad – formed 37 per cent of CS Holding's profits.

One of the main reasons for the Swiss banks' rapid progress in the 1990s has been their strength in derivatives. All three were used to trading in currency derivatives in the Swiss bond market because most multinational companies wanted to swap out of Swiss franc issues and into currencies such as the dollar. They have since used derivatives to push into markets where they are weak in the underlying cash products.



Mr Robert Studer, president of the UBS executive board, says derivatives are among the bank's most global products, and [redacted] growth areas. "Being a triple-A bank, if a company has a seven-year swap [for example, exchanging a variable interest rate contract for a fixed rate one], they want to do it with us," he says. It remains "very comfortable" with derivatives despite US upsets such as Procter & Gamble's loss on contracts sold by Bankers Trust, the US bank specialising in derivatives.

The Swiss banks have a potential long-term advantage over US and other investment banks in being able to back their derivatives and other securities broking and corporate finance activities with lending. This increases the range of services they can offer clients. Credit Suisse has just agreed to use its balance sheet to back leveraged deals arranged in the US by CS First Boston, while UBS has been working on integrating commercial and investment banking abroad.

Mr Studer says that UBS at first had considerable difficulty in getting the two disciplines to mesh with each other, but barriers are now breaking down. "We did not believe in pushing our views down people's throats," he says. "Finally bankers and corporate financiers realised that, if they talked to each other, it would make them more competitive on customer calls."

Mr Hans [redacted] Gier, a member of the SBC executive board, says that it can sometimes be difficult to persuade companies not to treat SBC as just a lending bank. But the bank only wants to lend money to international customers when it can [redacted] them other services. "[redacted] clients say they just want a lending bank. We say goodbye, and six months later they accept that life is a bit more complicated," he says.

Yet despite the strong progress the Swiss banks have made abroad, two big challenges remain. One is to compete more strongly with investment banks as corporate finance advisers. SBC does not count its mergers and acquisitions and advisory arm as one of its main global [redacted] "Advisory is an important activity for us, but it [redacted]y affect the bottom line," says Mr De Gier.

A second challenge is to establish stronger businesses in the US, a key to forming a chain of global operations. Neither UBS nor SBC have strong footholds in the underwriting and distribution of US equities. CS Holding has an advantage in CS First Boston, although the investment bank has only this year started to grasp the nettle of operating as a integrated global business.

Mr Studer of UBS says that its hold in US corporate finance "is not yet where we would like it to be to support a global link". But despite speculation that UBS will try to acquire a US investment bank, he says that legal barriers under the Glass-Steagall Act (which separated securities broking and banking) are holding it back. "As we develop, an acquisition becomes less likely, and I think it is very unlikely today," he says.

The Swiss banks thus still have some way to go before they achieve their international ambitions. But they have come too far to turn back now, no matter how the journey has changed their traditions. "We have the more aggressive stance of our foreign operations, and maybe the disciplined and cautious Swiss approach," says Mr Ackermann of Credit Suisse. "We are already different."

An outsider breaking in

To mention the words Swiss Bank Corporation in the City of London these days is to provoke a sharp intake of breath, writes John Gapper. "They did nothing exceptional, and then I picked up the newspapers the next day and found them claiming all the credit," says one merchant banker who worked with SBC on a financial deal. "They are very clever, very sharp indeed, but they will step over the line one day unless [redacted] are careful," [redacted] another.

A succession of disputes with the City's venerable investment banks over deals such as the underwriting of Eurotunnel's [redacted] £858m rights issue and Enterprise Oil's failed bid for Lasmo have given SBC a reputation for aggression and opportunism. It is hardly the traditional image of a Swiss bank, but [redacted] directors are insouciant about putting noses out of joint.

"Sometimes we find a solution that is cost-effective for a company, and we upset [redacted] traditional relationship. Tant pis," says Mr Hans De Gier, the SBC director who with fellow board member Mr Marcel Ospel has built the bank's international business over the past four years. They have used its capital, and expertise in trading securities and financial derivatives, to propel it forcibly towards the first division of investment banks.

They have made the most waves in London, where SBC made [redacted] flawed attempt to build [redacted] base in the run-up to the 1986 Big Bang deregulation of the City by buying the broker Savory Milne. It was trying to buy [redacted] place among the integrated firms which would mediate between large companies and institutional investment funds. It soon found it had made [redacted] unwise choice.

"We bought it to improve our trading skills and ability to distribute equity, but we took [redacted] good look and discovered that it was mediocre," says Mr De Gier, "We had to redesign and overhaul our [redacted] completely."

It was not just in London that SBC felt inadequate. In 1990, when the two men devised the bank's international strategy, there were few solid building blocks in place.

"We had a pretty clear idea of where we wanted to go, but it was not easy for us in the early days. We faced quite a few handicaps," says Mr Ospel. SBC foreign operations were far smaller and less sophisticated than they wanted them to be. They tried to show the SBC board the scale of the task by telling directors they should consider spending between $2.5bn and $3bn on the acquisition of a global investment bank.

In practice both men preferred a more gradual approach. "If we had gone for [redacted] large acquisition, we would really have been betting the farm. If it went wrong, it could have endangered the bank," says Mr De Gier. They persuaded the board to expand through both organic growth and selective acquisitions. The most important was the purchase in 1992 of O'Connor Associates, a Chicago firm specialising in trading equity derivatives.

This gave SBC a chance to push into London in an untraditional way by importing O'Connor's expertise. Rather than struggling to gain relationships with companies that already had established merchant bank advisers, it built a trading business based on derivatives, instead of the underlying bonds and equities, and used its edge to devise innovative one-off deals both for companies and institutional investors.

"It took us a long time as a bank to realise that we simply did not have the sort of relationships we were aiming at. We were not going to beat Warburg and Schroders," [redacted] Mr De Gier. Instead, SBC decided to make its core profits by trading, and mount ambushes on the better-established investment banks by approaching their clients with corporate finance deals sometimes involving derivatives.

Not unnaturally, this has hardly endeared SBC to the banks whose business it is raiding. "We don't seek conflict with other banks, but if that it what it takes we are not going to slink away from it," says Mr De Gier.

In one sense, SBC has little to lose from provoking such conflict, since it gains from the image of being an outsider breaking into the City. Yet it is a mark of how far SBC has travelled in four years from the conservatism of its domestic culture. "The bank is very comfortable with what is happening in London," says Mr De Gier, "We are not just two wild guys running away with the business."

OBSERVER

Let them drink beer

When the boss of a Cotswold limestone quarry received orders regarding the construction of a pub in Napa Valley named Winston's, after Britain's war-time prime minister, he thought it was "a wind-up".

An emissary of Winston's had pitched up, delighted to find the quarry had supplied parts of Blenheim Palace, Sir Winston Churchill's birthplace. Duly sceptical, however, Farmington Stone boss Martin Robins contacted Winston Churchill, the grandson and MP. The latter did in fact know something of the project, and Robins felt able to proceed.

Graham Cook, the driving force behind Winston's, is an Englishman living in Napa who somehow seems convinced that a 1880s-style pub (when Churchill was about 10), in the heart of wine-growing country, will be a licence to print money. With a historical consultant and civic responsibilities director among the shareholders, [redacted] leaving nothing to chance. But it sounds as if the quarry has the better deal.

Grave return

■ Betting on celebrity deaths is [redacted] bigger sport than Observer realised. Since yesterday's note concerning the New York commodity traders who wager on the Great Beyond, the postbag has been brimming with regional variations. An English version "differing in matters of taste and concern for fair play" is proving popular at a merchant bank in London which for some reason asks to remain nameless.

Inclusion of the Queen Mum is off limits, *of course*, and it goes without saying that no money is involved. "One plays the game for its own sake." But the Death List does come in handy as a benchmark against which to measure in-house funds' performance in emerging markets. Last year, it was at one stage returning a [redacted]thy 12 per cent, but 1994 has been [redacted] dog. The only hit has been Kim Il-Sung.

Imperial [redacted]uture

■ Fresh evidence of US cultural imperialism. A colleague using a US computer software package was surprised to find that the spellcheck programme queried the existence of the BBC and suggested as [redacted] preferred replacement, NBC....

Back to basics

■ When it comes to personal pensions there can never be too many consumer guides through the minefield. Legal [redacted] General is the latest to have a try with *The Transfer Maze*, which it has published to co-incide with its return to selling personal pensions for those transferring out of schemes run by their past employer.

'I want to be ready for the new tougher gun laws'

But it is not just the consumers who need help through the labyrinth. Life insurers and their regulators have been too dilatory in [redacted] compensation arrangements for people whose pension transfer has gone awry after bad advice. They obviously need a guide book of their own.

For example, should insurers who sell pensions through independent financial advisers support those IFAs when the latter are unable to cough up compensation on their own? Even more tricky, how do you [redacted] life companies who do not write pensions business but who are reliant on a strong IFA sector for their own survival to contribute.

Anyone who could produce such a guide would have really earned [redacted] reputation as an industry trend setter.

Olympian choice

■ The embarrassing debacle over who will run the Sydney Olympic Games, due to be held in the year 2000, has finally been ended. Gary Pemberton, chairman of Qantas, the Australian airline, and of Brambles, the sizeable transport group, has agreed to take the job.

The decision will be a relief to the Sydney Olympic Games Organising Committee, which has been struggling to fill this seemingly attractive position for almost a year.

Its troubles started when Rod McGeogh, the Sydney lawyer who headed the effort to win the games, withdrew his name as [redacted] possible manager in the face of some extremely ungracious local politicking.

So SOGOC called in headhunters and was on the verge of making [redacted] announcement when the person concerned suddenly got an offer he couldn't refuse from his existing employer. Since then, the idea of asking Mr Pemberton, who was already president of SOGOC, has been on the cards.

The Australian businessman, who has a fairly low public profile at home, will retain his Brambles and Qantas chairmanships, but give up some of his other jobs. However, there is a catch.

Pemberton has only promised to take the job for two and [redacted] half years. SOGOC plainly hopes that he will enjoy it so much that, come December 1996, he will be prepared to stay on till the year 2000.

Above the line

■ No such thing as a conflict of interest when an accountant's fee is at stake.

The European Commission is reviewing the structure and [redacted] of auditing across the EU, [redacted] is putting the task out to tender.

For a hard-hitting, objective report it need surely look no further than one of the bidders, the Federation of European Accountants, the bean counters' professional trade body.

Debased

■ Dealers hate being wrong-footed. So following last Friday's shenanigans in the money markets, which appeared to presage [redacted] base rate rise that has yet to materialise, Steady Eddie, the Bank of England's rock-solid governor, has been rechristened. Stand up Eddie the Unready.

مكبرة من الأصل

FINANCIAL TIMES
Tuesday August 2 1994

Chinese stocks surge on Beijing rescue package

By Tony Walker in Beijing

China's infant stock markets surged by more than 30 per cent yesterday fuelled by a buying frenzy after Beijing announced a rescue package aimed at arresting a disastrous slide in share [illegible]

Shanghai's A-share index for local investors leapt by 36.14 per cent to 447.68 points in an astonishing reversal of the sharp declines of recent months. The Shanghai index had lost 80 per cent since highs of early 1993.

The smaller Shenzen exchange in territory adjacent to Hong Kong also rocketed ahead. The Shenzen A-share index leapt by 33.94 per cent to 127.59 points.

[illegible] analysts attributed the rise to a change of sentiment among fickle investors who had been seeking positive news that might justify a return to the markets they had abandoned in the past year.

But these analysts doubt that the China A-share markets will hold on to their gains. They expect the markets will continue to be highly volatile.

China's B shares, reserved for foreigners and traded in US and Hong Kong dollars, recorded modest gains. The Shanghai B-share index rose just 1.83 per cent. Shenzen's gain was less than ¼ per cent.

The astonishing leap in China's market followed the announcement last Friday by the China Securities Regulatory Commission (CSRC) that it was suspending new share listings this year.

The CSRC, which has been under enormous pressure from disgruntled investors, also gave notice that it would permit Sino-foreign joint venture security houses to trade in A-shares, previously reserved for Chinese. This potentially important concession points the way to an eventual merging of the A and B-share markets once the yuan is a fully convertible currency.

Rampaging Chinese investors also appeared to be responding to improving economic news, with indications that the government was bringing an overheating economy under control. Growth rates have slowed and inflation is coming down, raising the prospect of the authorities easing a credit squeeze.

See Lex
Pearson in deal to buy stake in HKTV, Page 17

Truck part maker caught in US-Japan trade duel

By Gordon Cramb in Tokyo

A privately owned US truck parts maker which has never exported to Japan has found itself caught in the duel between the trade juggernauts of Tokyo and Washington.

Johnson Industries, based in Urbana, Ohio, [illegible] accused by the Japanese media yesterday of pulling out at the last minute after 18 months of negotiations aimed at supplying Hino Motors, Japan's leading truck maker, with a component to make its vehicles lighter and thus more fuel-efficient.

It was suggested in Tokyo that the reason for its withdrawal was that the US economy was now so buoyant Johnson felt able to reject Hino's order. The shipment would have been for some 10,000 units worth a total of perhaps $1m.

Growth in the US has been running at a higher rate than in Japan. The implication of the disclosure was that US companies need no longer bother cutting deals with unfamiliar Japanese customers because they have more than enough demand at home. Japan's record bilateral trade surplus would therefore remain undented by the pick-up in the US economy.

Johnson supplies half the big six US truckmakers but it is a modest company which had sales last year estimated at $25m. It employs about 250 people – more than one in every hundred in Urbana. Hino, an affiliate of Toyota, Japan's biggest carmaker, has annual revenues of Y535.5bn ($5.4bn) and more than 9,000 staff.

In Tokyo a Hino official confirmed yesterday that Johnson had withdrawn in May from negotiations to supply aluminium air reservoir tanks for braking systems, and that his company had turned to domestic suppliers instead.

But he added that Hino had no hand in revealing the breakdown. Mr Greg Moore, Johnson vice-president, said the potential supplier had been working on an air tank design but that "the product we were offering was not matching the specifications they were asking for, and there was a mismatch. Time ran out for us as a supplying manufacturer".

He added that his company "couldn't reach a final contract" for a delivery which was due in November. "The way we left it, we needed a new design," he added, saying Johnson believed talks on possible future collaboration could continue.

Reports suggested Hino would suffer because it would not be able to switch so soon away from heavier steel reservoir tanks.

The Japanese company insisted yesterday that it would not be harmed. Johnson said the deal "had never reached the final specifications".

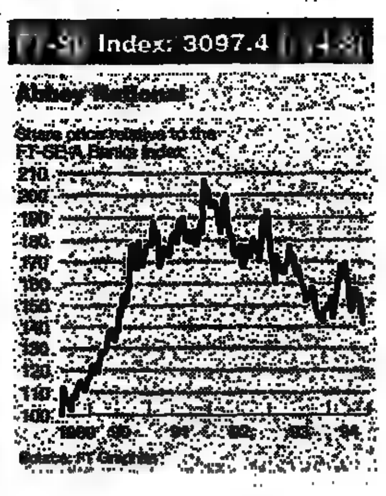
THE LEX COLUMN

Abbey's hard road

After all the upset about its abortive forays into estate agency and French commercial lending, it is about time that Abbey National finally sorted out its strategic direction. Yesterday's joint venture announcement with Commercial Union suggests that at last this may be happening. The deal enhances its product range without forcing it into unacceptable underwriting risk. It thus marks out the group more clearly as a broad provider of retail financial services. Abbey is also now stressing the contribution which its treasury operation, originally seen as simply as a diversification, could make in structuring attractive retail savings products.

The snag is that this, more coherent Abbey is emerging just when the squeeze on its business shows signs of becoming intense. Pressure on its UK retail lending margin was expected. Abbey deserves compliments for standing back from fixed-rate mortgage business when it became unremunerative, but the first-half slippage to just 9.8 per cent in its share of the new mortgage market is disconcerting when the figure includes the assets acquired from Canadian Imperial Bank of Commerce in February. Equally worrying is the revelation that a £10bn ($15.5bn) jump in the assets of Abbey's treasury operation has produced an increase in profits of only £4m.

In marking Abbey's shares down 3 per cent the market betrays pessimism about its ability to respond. The question is one of degree. Abbey could presumably scale back its treasury business quite quickly if the returns failed to recover. That would be preferable to chasing higher-risk business. Mortgage lending is recovering as customers switch to floating rate loans. But after such a sharp fall in its market share, investors will want firm evidence that it can now hold its own.



UK insurance

The commission earned by banks and building societies for selling household insurance policies has been a useful source of income through recession. But with competition from direct insurers starting to erode such payments – from anything up to 30 per cent of premium at the peak – they must choose between dwindling commission income and stepping into the ring as insurers themselves. It would be strange if Abbey National was alone in opting for the latter route, especially once building societies are free to spread their wings in insurance as well.

If others get the Abbey habit and form joint ventures with established insurance companies, there could be a swift redistribution of market share in these lines of business. The insurers would then face their own choice: either supplying underwriting muscle to joint ventures or losing the business altogether. Writing policies which are branded, administered and distributed by another company clearly carries risks. Commercial Union could find itself squeezed out, for example, if Abbey decides to shoulder the underwriting risk itself. Even if that happens once its initial five-year agreement with Abbey has expired, CU's decision to participate looks like the lesser of two evils.

Currencies

Yesterday's renewed fall of the dollar against the yen was a curious, if predictable response to the US decision to starting the clock ticking on Japanese trade sanctions. Since Japan's trade surplus has been one of the main props for the yen it seems odd that attempts to hack away at this support should lead to a relapse in the dollar. It is doubly perverse if the US move means it has given up hope that the pressure of a strong yen would be enough to soften Tokyo's position.

The markets are clearly unconvinced by recent US declarations of support for the dollar. Since these represent an abrupt about-turn from the previous policy of benign neglect, some scepticism is understandable. Yet the dollar's Y1 fall to around Y99 was relatively modest and the rate remains comfortably above July's low of Y98.6. Perhaps the markets saw the US move as more a matter of momentum rather than a deliberate escalation. The dollar bulls see the muted reaction as evidence that the tide is finally turning.

Relative inflation rates apart, the winds are starting to blow the dollar's way. The trade deficit with Japan is already moderating, if only in yen terms. Even without sanctions the changing pace of the two economies should ensure the process continues. US interest rates are rising and, at the current exchange rate, dollar assets should look cheap to Japanese investors. But there is little sign of the capital outflows from the US ebbing. Potential Japanese purchasers of Treasury bonds are still nervous about the currency risk and remain to be convinced that the yen's rise [illegible] been halted. When that point comes the dollar should spring to life.

China

The Chinese authorities' package of measures to support the domestic stock market succeeded in spades. The 36 per cent rise yesterday in A-shares – which can only be bought by domestic investors – is remarkable even by the standards of a market which has fallen 80 per cent inside 18 months. While the ban on new listings until the year-end might have been expected to improve sentiment, the hint that foreign investors could be granted access generated most excitement.

Yet international institutions are unlikely to rush to buy A-shares, even if practical difficulties such as the lack of currency convertibility can be overcome. The market's extraordinary volatility and the relatively small size of companies which issue A-shares are good reasons to be wary. International investors can already buy B-shares, which are traded domestically in US dollars, but most favour the shares of the very large Chinese companies listed in Hong Kong – or Hong Kong companies which trade with China.

Growth and inflation appear to be slowing from the break-neck speed of last year, while the long-term prospects remain bright. Chinese shares listed in Hong Kong – known confusingly as H-shares – were already rising, which would probably have lifted the domestic market sooner or later. Even if the investment story is attractive, though, yesterday's performance shows why most fund managers prefer the relative tranquility of Hong Kong.

Sanctions threat

Continued from Page 1

sanctions under its trade laws.

A US trade official expressed guarded optimism that agreement could be reached with Japan. The stumbling block [illegible] over US insistence on language promising "significant progress" in the foreign share of Japanese markets and how this progress [illegible] "They want some sort [illegible] commitment of [illegible] indications," a Japanese official in Washington said. "The result cannot be ensured".

Some Japanese officials were not hiding their displeasure at the US decision. They indicated that Japan might withdraw from the broader "framework" negotiations on bilateral trade and take the issue to Gatt, the multilateral trade organisation, if Washington [illegible] sanctions after [illegible] month consultation [illegible]

"[illegible] is a reasonable [illegible]ity that we will take the issue to Gatt [illegible] even retaliate. We have left the options open," a [illegible] trade official said.

Mr Jeremy Hawkins, [illegible] economist at Bank of [illegible] London, said the dollar's relative strength [illegible] that [illegible] were now more sanguine about [illegible] administration's attitude [illegible] the dollar. "The market is now happy in the idea that the White House does not want to see a weaker dollar."

Fears of rise in UK interest rates recede

By Philip Coggan and Philip Gawith in London

Fears of an imminent rise in UK official interest rates receded yesterday, but financial markets continued to signal that they expect an increase within [illegible] next two months.

Indications strengthened that Mr Kenneth Clarke, the chancellor [illegible] exchequer, and Mr Eddie George, governor of the Bank of England, agreed to leave base rates unchanged at 5.25 per cent at their monthly monetary meeting last Thursday.

They will next meet to discuss interest rates on September 7, but an indication of the Bank's [illegible] on the [illegible] will emerge today when it publishes its quarterly inflation report.

Yesterday, the bank [illegible] money [illegible], reassuring those who feared a base rate increase at the start of the [illegible] The equity [illegible] responded with relief, [illegible] FT-SE [illegible] index up [illegible] points to 3,097.4.

But the mood in the money [illegible] remained wary. Although there was a small rally in [illegible] sterling, the futures market's medium for speculating on interest rate changes, the contract continued to imply that short-term rates would be nearly 6 per cent by the middle of September. Three-month interbank offer rates also remained well above base rates, at 5⅝ per cent.

Speculation of an [illegible] rate rise reached fever pitch last Friday after the bank decided to accept bids [illegible] an auction of three month Treasury bills at rates of up to 5.75 per cent. Traders saw [illegible] as a sign that base rates were set to rise, even though the bank, in its normal money mar[illegible] operations on Friday, left dealing rates unchanged.

Unless interbank rates [illegible] sharply, the bank will face a repeat of last week's dilemma on Friday, when the next Treasury bill auction occurs. It will either have to accept bids at a level well [illegible] take the unusual [illegible] of [illegible] the [illegible] Last Friday, the bank decided [illegible] its [illegible] – although confusing – were the least [illegible] of the [illegible]

Analysts said the [illegible] between Treasury bill rates and base rates could not last for long, and the gap was likely to be closed by an increase in the latter. Friday's events have left the government "chasing, rather than controlling" the process, said Mr Peter Lyon, global strategist at securities house Smith New Court.

Satellite flouts parking convention

Continued from Page 1

industry requires 2-2.5 degrees of separation – 1,488km – between satellites so that respective "footprints" do not cause [illegible]

The [illegible] government [illegible] year registered Apstar 1's position, above the equator in geostationary orbit, at 131 degrees east with the ITU. However, at 132 degrees east is a planned Japanese [illegible] and at 130 degrees east is Rimsat1, which broadcasts for [illegible] Sun TV group of India.

Mr Yang Xueming, director of marketing at APT, denies Apstar 1 will cause other operators any difficulties. "We [illegible] nating with other relevant satellite operators. [illegible] believe everyone can get a satisfactory solution," he said.

What has concerned the industry is APT's attitude towards co-ordination – a three-stage process of certification [illegible] negotiation. Industry executives in Hong Kong said it usually took about four years to complete the co-ordination process before launching a commercial satellite.

APT, however, only registered its desired location last year and has completed just the first stage of the process.

Mr Peter Jackson, chief executive of AisaSat, said co-ordination was "the only way we can ensure that our [illegible] high quality products".

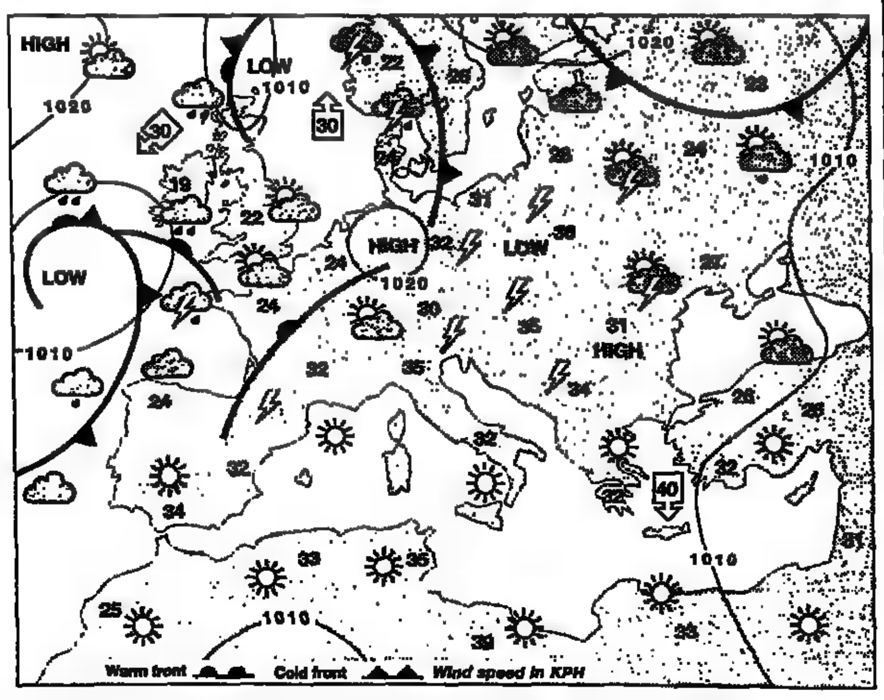
FT WEATHER GUIDE

Europe today

Poland and the northern Balkans will continue hot and humid with temperatures as high as 36C. A few thunder showers will develop during the afternoon. Southern Scandinavia will be rainy and thundery but the north will be dry with sunny periods. A low pressure system will cause rain over southern Scandinavia and showers in Scotland. Another active weather system will cause showers and thunder over Ireland, Wales and south-west England. The Benelux and northern France will have broken cloud. Southern Europe will stay sunny although afternoon thunder storms will develop in the Alps and northern Italy.

Five-day forecast

Most of Europe will stay hot. Temperatures of 30C or higher will return throughout France, the Benelux, Germany and south-east England. Later this week, it will become humid and thundery again, especially over France, the Benelux and the UK. Ireland and Scotland will be much cooler with maximum temperatures ranging between 18C and 25 C.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	35	Caracas	cloudy	25	[illegible]	sun	27	Madrid	sun	[illegible]	Rangoon	rain	26
	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20	Frankfurt	[illegible]	29	Majorca	sun	[illegible]	Reykjavik	fair	14
Abu Dhabi	[illegible]	[illegible]	[illegible]	sun	[illegible]	[illegible]	sun	25	[illegible]	[illegible]	28	Malta	fair	32	Rio	[illegible]	27
Accra	fair	29	Berlin	[illegible]	31	[illegible]	fair	27	[illegible]	sun	29	[illegible]	[illegible]	[illegible]	Rome	sun	31
Algiers	[illegible]	33	Bermuda	thund	[illegible]	Cologne	fair	28	[illegible]	shower	20	Manila	[illegible]	31	[illegible]	[illegible]	22
Amsterdam	fair	[illegible]	[illegible]	[illegible]	19	[illegible]	sun	[illegible]	Hamburg	[illegible]	26	[illegible]	shower	11	Seoul	[illegible]	34
Athens	sun	32	Bombay	fair	29	[illegible]	fair	[illegible]	[illegible]	rain	22	Mexico City	fair	[illegible]	[illegible]	[illegible]	28
Atlanta	fair	33	[illegible]	fair	25	Delhi	fair	34	Hong Kong	[illegible]	[illegible]	[illegible]	thund	32	[illegible]	[illegible]	26
B. Aires	[illegible]	[illegible]	Budapest	sun	[illegible]	Dubai	sun	39	Honolulu	[illegible]	32	Milan	sun	32	Strasbourg	cloudy	28
B.ham	[illegible]	21	C.hagen	[illegible]	26	[illegible]	shower	20	Istanbul	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]	[illegible]	13
Bangkok	shower	31	Cairo	sun	33	Dubrovnik	sun	31	Jakarta	fair	32	Moscow	shower	23	[illegible]	sun	26
Barcelona	sun	28	Cape Town	cloudy	17	Edinburgh	[illegible]	21	Jersey	cloudy	22	Munich	shower	27	Tel [illegible]	[illegible]	30
									Karachi	cloudy	[illegible]	Nairobi	fair	22	Tokyo	[illegible]	34
									Kuwait	sun	43	Naples	sun	32	Toronto	[illegible]	28
									L. Angeles	sun	28	Nassau	fair	32	Vancouver	sun	24
									Las Palmas	fair	26	New York	fair	31	Venice	sun	32
									Lima	[illegible]	[illegible]	[illegible]	sun	29	Vienna	[illegible]	32
									Lisbon	sun	25	Nicosia	[illegible]	[illegible]	Warsaw	fair	35
									[illegible]	cloudy	22	Oslo	shower	23	Washington	[illegible]	33
									Lux.bourg	cloud[illegible]	28	Paris	fair	28	Wellington	fair	13
									Lyon	fair	30	[illegible]	fair	[illegible]	Winnipeg	fair	28
									Madeira	[illegible]	26	[illegible]	fair	[illegible]	Zurich	shower	26

[illegible] الأصل

FINANCIAL TIMES
COMPANIES & MARKETS
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Tuesday August 2 1994

IN BRIEF

Hypo-Bank sticks at interim DM483m

Bayerische Hypotheken-und Wechsel-Bank stagnated at DM483m ($296m) during the first six months of the year in spite of a 15 per cent increase in interest income to almost DM2bn. Page 18

Last chance for Olympic Airways
The approval last week of a Dr54bn ($228m) capital injection for Olympic Airways from the state offers the loss-making Greek national carrier what may be its last chance of survival. Page 18

US banks merge
Two North Carolina-based banks – BB&T Financial and Southern National – announced a merger to create a south-east regional grouping with assets of $18bn. Page 19

Japanese banks sell bad loans
Japanese financial institutions sold bad loans totalling Y147.1bn ($1.46bn) to a joint debt-purchasing agency in July, the Co-operative Credit Purchasing Corporation (CCPC) announced yesterday. Page 19

[illegible] Corp's short-term move
Mr Ken Cowley, chief executive of News Limited, the Australian arm of Mr Rupert Murdoch's News Corporation group, said that the media group sees its investment in John Fairfax, a rival Australian newspaper publisher, as a fairly short-term holding. Page 19

Paper pressure
The heat is being turned up in the North American pulp and paper market. Instead of the traditionally quiet period the industry is being swept by an edginess normally reserved at this time of year for raging forest fires. Page 19

Bonds make modest gains
Most government bond markets posted modest gains in July, supported by a gradual decline in volatility and indications of reasonably paced, non-inflationary recoveries in many countries, according to JP Morgan's bond index monitor. Page 20

Ladbroke looks at casino business
Ladbroke, the UK hotels, betting and DIY group, could agree to buy three casinos by the end of this month – 15 years after being forced out of the business for what a court called "disgraceful" behaviour. Page 22

Ashtead shares rise on higher profits
Shares in Ashtead Group rose 21p to 388p yesterday after the UK plant rental company said full-year profits rose from £2.8m to £7m ($4.5m). Page 22

Caparo plans US buy-up
Caparo Group, the privately-held UK steel and engineering concern, confirmed yesterday it is close to buying most of the steelmaking assets of Pennsylvania-based Sharon Specialty Steel. Page 23

Andrews Sykes falls into the red
Andrews Sykes, the UK specialist industrial services group yesterday announced a fall into the red for the year to the end of March. Page 23

Political pulls in Italy and Mexico
Political influences sent equity markets in Italy and Mexico in opposite directions last week. Italy dropped 3.1 per cent but Mexico rose by 9.1 per cent. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
[illegible]	848	+	19	Danone	[illegible]	+	17
[illegible]	885	+	12	Gaz France	[illegible]	+	11
[illegible]	890	+	14	Ecco	[illegible]	+	25
[illegible]	408.5	+	8	SLIC	[illegible]	+	30
Falls				Falls			
[illegible]	715	–	15	Accor	673	–	21
[illegible]	300.5	–	[illegible]	[illegible]	775	–	19
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
[illegible]	40⅝	+	2⅛	Kyrahi Chain	590	+	20
[illegible]	33⅛	+	1⅛	Falls			
[illegible]	21⅛	+	1⅛	Asahi Opt	[illegible]	–	[illegible]
[illegible]	38⅝	+	1⅛	Central Fin	[illegible]	–	[illegible]
Falls				Hitachi Sa	[illegible]	–	[illegible]
[illegible]	18⅛	–	5⅛	M'bishi Sil	[illegible]	–	[illegible]
[illegible]	8	–	1	Takuo	51[illegible]	–	[illegible]

New York prices at 12.30pm.

LONDON (Pence)							
Rises				RTZ	884	+	21½
[illegible]	383	+	21	Shaw (Arthur)	165	+	5
[illegible]	971	+	13	Tottenham Hotspur	94	+	3
[illegible]	344	+	13	Whitbread Ward	723	+	30
[illegible]	65	+	4	Falls			
[illegible]	118	+	10	Abbey National	385	–	12
[illegible]	[illegible]	+	16	Andrews Sykes	30	–	10
[illegible]	[illegible]	+	36	Carlton Radio	285	–	10
[illegible] & Gen	178	+	7	Hay (Norman)	50	–	5
[illegible]	21	+	3¼	Sun Alliance	332	–	5
[illegible]	[illegible]	+	[illegible]				
[illegible]	349	+	17				
Menzies (John) A	516	+	30				

Turner voices interest in CBS

By Patrick Harverson in New York

Speculation over the future of CBS intensified yesterday after Mr Ted Turner, chairman of the cable television group Turner Broadcasting System, said he was interested in buying the US television network.

He also expressed interest in ABC and NBC, the two other big US networks.

"It's very logical for us to be in that business," Mr Turner told reporters in St Petersburg, Russia, where he is attending the Goodwill Games.

He said a merger with CBS would be especially attractive. "It'd give us a network. We'd be in the same position that ABC is with ESPN in sports. We would have both cable networks and a broadcast network."

And his group could afford to buy CBS. "One reason we're being taken seriously is that our market capitalisation has varied between a low of $8bn and a high of $9bn to $10bn in the last year, and CBS was just over $5bn before they did their buy-back."

Although Mr Turner said he had no immediate plans to bid for a network, his comments lifted CBS's share price $4 to $316 yesterday morning on Wall Street, where traders and investors have been talking about it as a bid target.

The speculation was sparked by last month's collapse of the network's planned $7.1bn merger with QVC, the home-shopping television channel run by Mr Barry Diller.

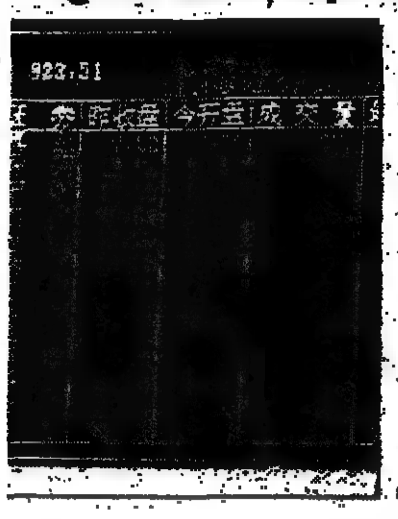
The deal with QVC fell through after the cable systems company Comcast, a QVC shareholder that jibbed at the planned merger with CBS, unexpectedly launched a rival bid for the home-shopping channel. Mr Laurence Tisch, CBS chairman, has since said that his network is not for sale.

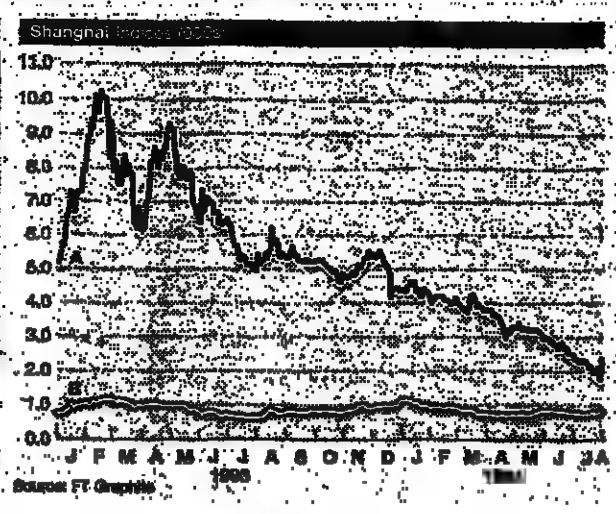
While CBS has the highest-rated programmes on US television among the big three networks, it has suffered a series of setbacks this year. It lost the rights to televise American football games to Mr Rupert Murdoch's Fox network and several affiliate stations have defected, also to Fox. This has damaged morale and renewed scrutiny of Mr Tisch's management.

In particular, he has been criticised for not diversifying into the rapidly expanding cable television market, as ABC and NBC have done.

Tony Walker reports on the surge in the value of shares in China after announcements to bolster investor confidence

A glimmer of hope after the long decline





Fickleness and frenzy in Shanghai

China's fledgling [illegible] proved [illegible] most volatile, but analysts were not prepared for yesterday's extraordinary bounce in the value of the country's A-shares for local investors.

[illegible] the [illegible] had [illegible] to be in free fall for months, the Shanghai index's astonishing 36 per cent rise demonstrated the fickleness of sentiment [illegible] stock punters.

Starved of good news since the markets began their protracted decline last year – the A-share market is down 80 per cent – investors have for the moment grasped a glimmer of promise provided in the announcement that new share listings would be suspended for this year and possibly next.

With investors stampeding back into a market they had deserted in droves, there can hardly have been a better example of the herd mentality, but analysts believe the rally in A-shares will be shortlived. Mr John Crossman, of Jardine Fleming in Shanghai, said: "I don't think it will hold very well because the fundamentals are simply not there."

In Beijing, China's hard-pressed stock regulators are finding it difficult to believe that a simple package of announcements would have galvanised the market quite so dramatically.

After coming under heavy pressure to take measures to boost the markets, officials of the China Securities Regulatory Commission (CSRC) announced at the weekend that, apart from suspending new issues, they would allow the establishment of Sino-foreign joint ventures to trade in A-shares and would also pump money into "selected securities institutions to enliven trading".

Mr Gao Xiqing, general counsel to the CSRC, was a "little surprised" at the magnitude of yesterday's surge, but he also noted that China was making progress in its efforts to build [illegible] in the markets by strengthening regulation.

He observed that one of the most positive developments was the decision to allow foreigners to trade A-shares through joint venture securities houses. This was a step towards combining the A and B-share markets. [illegible] foreigners are denominated in yuan but are traded in US and Hong Kong dollars.

The eventual formal amalgamation of the A and B-share markets will depend, however, on the yuan becoming freely convertible. Chinese officials are vague about the timing of such a move, saying merely they expect it will happen "within five years".

In contrast to the surge in the A-share market yesterday, B-shares registered [illegible] The Shanghai [illegible] up just 1.31 points or 1.83 per [illegible].

Shanghai [illegible] analysts say that after being in the doldrums for much of the year, B-shares had begun to attract support among "bargain hunters" in the past few weeks with Japanese [illegible] believed to have entered the market. They saw no reason why B-shares should not continue to strengthen.

Price/earnings ratios had come down to multiples in the low teens from the high teens early in the year. Some quality companies' price/earnings ratios were below [illegible], which had rekindled investor interest.

Mr Crossman also noted that H-shares – mainland companies listed in Hong Kong – had been strongly traded in the past few weeks. "Local players have been punching up H-shares," he said. "Now you're getting a wash of enthusiasm for China-related plays."

He expected that B-shares, which were down this year by some 40 per cent at their low point – the index has appreciated by about 10 per cent since June – would continue to strengthen. "We're looking for a good [illegible] rally from October through the early part of next year," he said.

Among factors that are helping to feed a slight improvement in investor confidence are signs that China's economic austerity measures are beginning to bear fruit with unsustainable [illegible] of growth coming down and inflation showing signs of abating.

Investors may be betting on the government easing credit restrictions in the latter part of the year

Investors may be betting on the government easing credit restrictions in the latter part of the year. Indeed, there are already indications that the central bank selectively is loosening the purse strings to assist faltering state enterprises.

Chinese securities regulators argue that lack of institutional investors – [illegible] investors are individuals – is one of the main causes of market volatility, but analysts cite other causes such as the relatively small percentage of shares in a particular company on offer in the market.

Under the Chinese system less than a third of a company's shares are traded and these are held mainly by individuals. Other shares are vested in the state or held by "legal persons" such as institutions, corporations and quasi-government bodies.

This structure is aimed at preserving state control as more than 50 per cent of shares are reserved for the state, but analysts argue that if the authorities allowed "legal person" shares to be traded freely this would "make for a healthier market".

A 36 per cent rise in one day would not seem to be evidence of a market's good health: rather it indicates inherent instability. China's stock markets are destined for a continuing roller-coaster ride as investors' febrile sentiment ebbs and flows.

Lex, Page 16

Pearson pursues stake in HK TV

By Simon Holberton in Hong Kong and Raymond Snoddy in London

Pearson, the media and entertainment group, is in negotiations to acquire up to 10 per cent of Hong Kong's Television Broadcasts (TVB), Asia's premiere television company.

The negotiations, if successful, will result in Pearson paying about £150m ($230m) for a 9.9 per cent stake in TVB – a level that will not require Hong Kong government approval.

Lord Blakenham, chairman of Pearson, whose interests include the Financial Times, was in Hong Kong and China last week discussing a deal. Pearson declined to comment yesterday.

The UK group, which has decided to concentrate on media and information, has become particularly interested in expanding into Asia.

TVB has in the past been courted by Mr Rupert Murdoch's News Corporation and by Time Warner, of the US. Mr Murdoch faced regulatory problems because of his then ownership of the South China Morning Post, the Hong Kong newspaper. He went on to buy control of Star TV, the Hong Kong-based satellite television company, with which Pearson tried unsuccessfully to negotiate a deal.

TVB is controlled by Sir Run Run Shaw, its founder, and Mr Robert Kuok, the Malaysian financier who last year bought a controlling interest in the Morning Post from Mr Murdoch. Mr Kuok, who owns about 24 per cent of the television company, is understood to be the seller.

TVB is Hong Kong's dominant terrestrial television provider, having a 72 per cent audience share. It is also the television of choice for [illegible] in [illegible] Guangdong in China.

The main attraction of the company is, however, its programme making and its library of Chinese-language material. The company produces 1,000 hours of original television a year and has a library of 25,000-35,000 hours of resaleable stock. This is important as TVB seeks to penetrate the Chinese mainland and Taiwanese markets.

It is also active in south-east Asia where it is developing production facilities and has video sales and rental businesses.

TVB's profit after tax was HK$520m ($67m) in 1993. Analysts expect the company's earnings per share to grow by about 15 per cent a year.

Abbey National joins CU in general insurance venture

By Alison Smith in London

Abbey National, the home loans and banking group, and Commercial Union, the UK's largest insurance company, are to create a joint venture selling general insurance to personal customers.

The venture, the first of its kind, is expected to come into operation in the middle of next year. Both parties are committed to it for at least five years. The announcement accompanied Abbey's interim results, which showed a 41 per cent rise in pre-tax profits to £423m ($656m).

Mr Peter Birch, chief executive, said Abbey was injecting £25m initial capital into the venture – around two-thirds of the total – and expected it to yield more than £100m pre-tax profit in five years' time.

It replaces Abbey's existing relationships with a panel of general insurers including CU, Royal Insurance and Legal & General.

Royal has been invited to take part in reinsurance for the first three years of the new operation, while any future arrangement with L&G is still being discussed. L&G said yesterday that in 1993 Abbey accounted for less than 30 per cent of its household insurance. It emphasised that its main business was life insurance and pensions.

The new venture will be divided into two businesses. Abbey will provide 75 per cent of the initial capital for the operations business unit which will deal with premium collection, product design and claims, while CU will provide the other 25 per cent. Abbey will receive the profits and give CU an agreed rate of return on its investment.

By contrast, CU will own 85 per cent of the underwriting company with Abbey holding the remaining 15 per cent. Mr John Carter, CU chief executive, said the venture offered "attractive but not excessive margins for both companies". It would be efficient and have the capacity to deal with an expanding volume of business.

The Treasury announced last month that building societies would be allowed to wholly own a general insurance company dealing in some housing-related lines of personal insurance.

Abbey's earnings per share rose to 20.8p, from 12.5p, and the interim dividend goes up by 37 per cent to 5.7p (4.15p).

The shares finished the day 12p down at 385p.

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SES faces Astra user revolt

By Raymond Snoddy in London

Société Européenne des Satellites, the Luxembourg company that operates the Astra television satellite system, is facing a potential user revolt over managerial instability at the group.

At stake could be as much as £1bn ($653m) worth of business, as Europe's main satellite broadcasters plan to introduce digital satellite television channels over the next few years.

A number of users of Astra satellites were alarmed at what they saw as an attempted coup against Mr Pierre Meyrat, who has been director-general of SES for nine years. Mr Meyrat, 57, is widely credited with creating one of the most successful satellite television companies in the world.

An attempt was made to remove Mr Meyrat last month by a group of directors and shareholders including the two SES vice-chairmen Mr Romain Bausch, chairman of the SNCI bank of Luxembourg, and Count Roland Kergorlay, a private investor.

In the end Dr Meyrat received widespread support at a board meeting last week.

An Astra user, who asked not to be named, said yesterday he would be wary about signing up for the vast investment needed to introduce digital if the SES director-general could be removed without warning.

A number of users wrote to SES in support of Mr Meyrat, including British Sky Broadcasting and Deutsche Bundespost Telecom, which has a 16.6 per cent stake in SES. Some are now seeking assurances of managerial stability and are demanding to be kept better informed about the company.

SES operates three 16-channel television satellites and plans to launch a fourth in the autumn. The fifth and six satellites are scheduled to be dedicated to digital television and should be capable of broadcasting more than 150 channels of television across Europe.

Unless assurances are received at least one big Astra customer is prepared to go to Astra's main rival Eutelsat, which is owned by Europe's telecommunications organisations, for its new digital business.

Eutelsat has been making progress challenging Astra's dominant position in western Europe.

INTERNATIONAL COMPANIES AND FINANCE

Hypo-Bank marks time despite rise in interest

By Christopher Parkes in Frankfurt

Operating profits at Bayerische Hypotheken-und Wechsel-Bank stagnated at DM483m ($296m) during the first six months of the [illegible] in spite of a 15 per cent increase in interest income to almost DM2bn.

Earnings from own-account trading were down 83 per cent to DM14m in comparison with the first half of last year. But partial operating profits, which exclude this factor, rose 14 per cent to DM930m.

Deutsche Bank and Commerzbank last week reported large declines in earnings from their own-account trading activities, but while they managed [illegible] reduce debt provisions, Hypo-Bank [illegible] aside DM571m, almost 16 per cent more.

Net commission income rose 5 per cent on the year-earlier figure to DM442m, and strong demand for housing was reflected in a 29 per cent surge [illegible] DM733m in net [illegible] income from its mortgage business, in which average interest margins rose to 1.03 per cent compared with [illegible] per cent throughout 1993.

Interest income from general banking, [illegible] margins narrowed slightly to 1.89 [illegible] cent from [illegible] per cent, [illegible] 9 [illegible] cent higher [illegible] DM1.265bn.

Yesterday's interim report [illegible] first in which Hypo-Bank presented direct comparisons with the comparable part of the previous year.

On the basis of German banks' traditional reporting methods – comparing half-year results with 50 per cent of the full 1993 outcome – full operating profits were down 6.6 per cent, and partial earnings were 3.6 per cent higher.

On this basis, risk provisions were down 1 per cent.

The difference between this figure and the direct comparison with the first half of 1993 reflects in part the impact of the [illegible] the Jürgen Schneider property business.

According [illegible] ments, the bank set [illegible] about DM150m [illegible] its share of the risk.

BNP, Lazard Frères appointed to advise Renault on sell-off

By John Ridding in Paris

Banque Nationale [illegible] Frères [illegible] appointed [illegible] to Renault for the partial or full privatisation [illegible] group.

The mandate [illegible] of the most prestigious in the French [illegible] plan [illegible] privatise [illegible] public-sector [illegible]. Renault [illegible] more than FFr40bn ($7.1bn), although [illegible] report [illegible] by Lehman Brothers gave [illegible] valuation of FFr55bn to FFr60bn.

The centre-right government of Mr Edouard Balladur, the prime minister, [illegible] weighing the sale of part or all of its 80 per cent stake in Renault.

It will appoint adviser banks, but a decision is not expected before Friday at the earliest.

[illegible] and Lazards have close [illegible] Renault. Mr Louis Schweitzer, [illegible] chairman, [illegible] on BNP's board, while the [illegible] a member [illegible] *dur* [illegible] long-term stable shareholders. Lazards advised Renault during its ultimately unsuccessful negotiations with [illegible] of Sweden concerning the merger of the two groups.

[illegible] French government has [illegible] decide how [illegible] when Renault's capital will [illegible] opened to investors.

However, many industry observers believe a partial privatisation, with stakes being taken by financial and industrial partners, could occur this year.

Wallenberg division sells off Bilsom

By Christopher Brown-Humes in Stockholm

Incentive, a leading industrial [illegible] of the Sweden's Wallenberg family, has begun restructuring [illegible] newly-acquired Cardo unit by announcing the sale of Bilsom to the French group Christian Dalloz.

Bilsom, which [illegible] SKr400m [illegible] over and 400 employees, is a leading supplier [illegible] protective equipment such as ear plugs, respiratory masks and safety glasses. Financial details of the [illegible] not [illegible].

[illegible] acquired [illegible] of [illegible] in June [illegible] launching a [illegible] bid for [illegible] group, which was formerly [illegible] owned by Volvo. [illegible] aim was to acquire Gambro, a large medical technology company, with many of Cardo's other [illegible] earmarked for sale or flotation.

[illegible] expands the per[illegible] equipment business [illegible] Christian Dalloz, a quoted company with annual turnover of SKr650m.

● Autoliv, [illegible] Swedish [illegible] safety equipment [illegible] recently floated off by appliance group Electrolux, said it had bought out its joint venture partner in Airbags International a UK company, Reuter reports from Stockholm.

"Autoliv has exercised an option to increase its ownership to 100 per cent from 50 per cent in Airbags International of Congleton, near Manchester [England]," Autoliv said.

The company supplies nylon bags for Autoliv airbags and this year is expected to have sales worth SKr300m. In the first half of 1994 its profit contribution was about SKr15m.

Stet could be sold off this autumn, says Iri boss

Stet, the Italian state telecommunications holding company, could be privatised as soon as this autumn, Mr Michele Tedeschi, the former managing director, said yesterday, Reuter reports from Rome.

"I hope that the programme to start Stet's privatisation this autumn can be respected," said Mr Tedeschi, who took over yesterday as chairman of Iri, the state holding company and Stet's parent.

He said the sale would take place after the launch of Telecom Italia, the company that will be formed from the merger of Italy's five domestic telecoms groups, this month.

Analysts value Stet at L27,000bn-L30,000bn ($16.8bn-[illegible].7bn).

Meanwhile, [illegible] it expected group income this year to rise about 9 per cent from last year's level of L29,800bn.

It said the operating result this year would be more than 19 per cent of its 1994 income.

[illegible] only [illegible] percentage increases. However, they would work out to L32,480bn for turnover and an operating result of L6,170bn up from L5,250bn for the same period last year.

The group forecast net debt would fall to under L20,000bn in 1994 from L22,000bn last year. As a result, the group's debt ratio would fall to 43 per cent at the end of this year, from 51 per cent at the of the previous year.

Stet said that by 1997, income would amount to about L40,000bn with investments amounting to about L30,000bn.

Cashflow would help bring about a further cut in net financial debt to L14,4000bn with the total debt ratio dropping to 30 per cent.

Stet said the ratio between net financial debt and con-solidated income would fall to 36 per cent from 74 per cent at the end of the previous year.

● Iveco, the truck division of Fiat, has made a bid for Nasr [illegible] Manufacturing Company [illegible], the [illegible]tian [illegible] vehicle [illegible] a Nasco executive [illegible], Reuter reports from Cairo.

Olympic swallows its medicine

The Greek airline needs time to regain its strength, writes **Kerin Hope**

The Dr54bn ($219m) capital injection for Olympic Airways from the state, approved last week by the European Commission, offers the loss-making Greek national carrier what may be its last chance of survival.

The conditions attached to the aid, which includes a debt write-off amounting to Dr491bn, are stringent but considerably more generous than those first proposed.

Olympic has managed to retain its profitable monopoly of ground handling operations at Greek airports, holding off a challenge from several big European airlines, while it carries out [illegible] three-year restructuring plan.

It is being allowed to keep open its loss-making long-haul routes to New York and Sydney, which mainly serve diaspora Greek communities. These routes are seen as essential for maintaining links with about 4m Greeks living overseas.

However, the carrier's future depends as much on severing links with the government – which sets ticket prices, approves loans to the airline and appoints its senior management – and improving service to customers as on cost-cutting [illegible] operating losses projected at Dr24bn this [illegible]

"The debt write-off will make a big difference to Olympic's financial position, but the real difficulty will come in implementing change in management practices," said Mr Stefanos Romaios, a senior Olympic official.

Greece's high interest rates, together with penalty charges amounting to about 3 per cent a month on overdue government loans, last year swelled financial charges to about Dr123bn, equivalent to 90 per cent of the airline's overall losses for 1993.

Under the airline's restructuring plan, prepared in co-operation with Avmark, the international aviation consultants, Olympic should show a net profit of Dr14bn next year. This should rise to Dr30bn in 1997, equipping Olympic to face competition both in ground handling and on domestic routes to 25 Greek islands at the end of the following year.

Cost-cutting, directed mainly at labour costs, which account for almost 50 per cent of the airline's operating outlays, [illegible] to be the priority.

A two-year wage freeze, together with a voluntary retirement programme for 1,900 of 9,900 employees and more flexible working rules, should reduce labour costs by more than 40 per cent in the next two years.

Asset disposals, including the sale of one Boeing 747 and the return to lessors of four Airbus A300s, will reduce the airline's fleet to 31 passenger jets, while additional savings will come from cutting long-haul routes to Tokyo and Chicago.

The airline's trade unions accept that reforms are needed to prevent Olympic shutting down. But details of the plan agreed with the Commission still await approval. The pilots' union, for example, must be persuaded to agree to suspension of seniority-linked holidays and a reduction in medical benefits.

"The unions must be brought on board immediately if restructuring [illegible] to succeed," [illegible] local analyst. "Because successive governments changed the airline's top management so frequently, the unions now in effect control Olympic's day-to-day operations."

Under the terms of the [illegible] approval for Olympic's capital increase, the three tranches of funding, due to start with a Dr19bn capital injection in 1995, will be [illegible] only [illegible] airline keeps to [illegible] restructuring timetable.

Moreover, the [illegible] will not be entitled to any more state funding.

Reform will mean cutting through the carrier's management layers, considered a crucial step towards eliminating government interference in Olympic's operations and introducing flexible decision-making. Outside consultants are to be appointed to oversee changes in planning and organisation.

Freeing ticket prices and improving marketing, including co-operative agreements with other international air[illegible] will help [illegible] lift revenues. Olympic faces increasingly aggressive competition from two new private Greek airlines and charter operators, which now carry 66 per cent of international traffic to Greece, mainly in the summer months.

However, the Commission's insistence that Olympic should not increase its total seat capacity for the next three years will place constraints on growth.

The airline sees its future in expanding routes to eastern Europe and the former Soviet Union and upgrading services in the eastern Mediterranean, where it is the leading regional carrier.

"Olympic is being put in a plaster cast for the next three years," Mr Romaios said. "It should be cured when it comes out, but will it be strong enough [illegible] in a [illegible] competitive environ[illegible]

Recovery continues [illegible] Canadian steel maker

By Robert Gibbens in Montreal

Dofasco, Canada's leading steel maker, continued its recovery in the second quarter with higher prices for flat rolled products, higher shipments and lower unit costs.

The company has negotiated a 1995 price increase of 15 per cent to 20 per cent in Canadian dollar terms with Chrysler, and has begun negotiations with General Motors.

The company is seeking similar increases with the appliance industry.

Second-quarter operating net profit was C$35.3m (US$25.4m), or 36 cents a common share, against C$8.7m a year earlier, which was [illegible] by preferred stock dividends. [illegible] special gains, the latest quarter showed final net profit of C$99.3m, or C$1.21 a share. Revenues were C$557m, up 3 per [illegible]

First-half net profit was C$103.7m, or $1.10 a share, including special items, [illegible] a loss of C$5.8m, [illegible], on [illegible] C$1.09bn, against C$1.06bn.

Average selling price for hot rolled steel was C$644 a tonne, up from C$614 in the first quarter, and is expected to reach about C$660 by the year end. Cost per tonne was C$529, against C$548 in the first quarter.

Two US regional banks to merge in pooling deal

By Richard Waters in New York

Two North Carolina-based banks announced a merger to create a south-east regional grouping with assets of $18bn, signalling a rare merger of equals among US banks.

The pace of bank takeovers in the US has slowed as acquirers have been forced to pay ever higher premiums. By accounting for their deal as a pooling of interests, BB&T Financial and Southern National yesterday announced a deal in which neither company's shareholders will pay a premium for control.

The deal, which creates a bank with market capitalisation of more than $2bn, also signals the growing pressure on banks in the south-east caused by the likely passage of interstate banking legislation.

Until now, banks in the region have been protected from takeover by institutions from elsewhere in the US by [illegible] so-called South-Eastern Compact, [illegible] of [illegible] agreements between states. The compact is already breaking down under new legislation passed by individual states over the past year, including North Carolina, and will dissolve when the remaining barriers to takeovers are removed by the proposed federal legislation.

Mr John Allison, chairman and chief executive of BB&T and of the merged company, said the merger was in part a response to interstate banking, which was likely to lead to more competition.

The two banks predicted annual cost savings of $50m. Mr Glenn Orr, head of Southern National, said he would give up his executive duties but keep a seat on the board. Past attempts by banks to share management power "helps to perpetuate an atmosphere of separate banks and creates confusion among employees," he said.

Xerox up 50% in quarter to $168m

By Patrick Harverson in New York

Xerox, the US document processing company, said that net income jumped 50 per cent in the second quarter to $168m, or a fully diluted $1.28 a share.

In the same quarter a year ago, earnings were $112m, or 94 cents a share.

The strong second quarter took first-half net income to $297m, or $2.31 a share, compared with $301m, or $2.61, in 1993.

The company said earnings per share growth did not match income growth because the number of shares outstanding rose during the quarter following a public offering of 8.1m shares.

An 11 per cent increase in equipment sales to $1.15bn, and continued productivity improvements were behind the impressive growth in quarterly income, said Mr Paul Allaire, Xerox chairman and chief executive.

Productivity has been rising because of a restructuring plan recently implemented by Xerox which aims to reduce the company's [illegible] workforce by more than 10,000 by [illegible] 1996.

The growth in equipment sales, meanwhile, [illegible] expected to lead to increased service and supplies revenues.

Document-processing revenues climbed 4 per cent in the quarter to $3.6bn, although revenue growth would have been higher, at 8 per cent, but for the negative impact of currency translations.

The growth in document processing was driven by a 22 per cent increase in revenues from [illegible] products.

First-half boost for MUI from HK interests

By Our Financial Staff

Earnings from recent purchases of [illegible] Hong [illegible] companies helped [illegible] first-half profits [illegible] Malayan United Industries (MUI), [illegible] Malaysian-based conglomerate with interests ranging from hotels to cement trading and financial services to newspapers.

Profits in the six months to the end of June advanced 61 per cent to M$38.37m (US$14.79m) from M$23.89m a year earlier, on turnover substantially lower at M$222.4m, against M$347.37m. Pre-tax profits of M$57.28m compared with M$47.18m in the first half of 1993.

The group recently acquired substantial stakes in Hong Kong-based South China Morning Post (Holdings), Kerry Financial Services, and Morning Star Holdings to boost its international investment division. It went on a buying spree after selling off its MUI Bank and MUI Finance to Malaysia's Hong Leong group for M$1.1bn cash.

MUI said contributions from the group's cement-based associated companies also improved [illegible] production [illegible] of the [illegible] plants.

Moody's may cut debt rating at Coles Myer

Moody's, the New York-based rating agency, said it was considering downgrading the short-term debt ratings of Coles Myer, the Australian retail group, writes Nikki Tait.

The long-term debt ratings were put under review on July 21, when the retailer said it would buy back the 21.45 per cent stake in Coles held by Kmart, the US discount and specialist store group, for around A$1.26bn (US$920m).

Moody's said its review would consider the potential increase in short-term debt resulting from the buy-back, and any longer-term increase in Coles' borrowings ratio.

Paper-makers feel the heat of a wild fire

Pulp and paper prices in North America are soaring, reports Bernard Simon

This summer is turning out to be most unusual for North American pulp and paper producers and their customers. Instead of the traditionally quiet period when markets doze and prices drift, the industry is being swept by an edginess normally reserved at this time of year for raging forest fires.

One segment of the paper market after another has caught alight. The upward pressure on prices, which began late last year with wood pulp and packaging materials such as linerboard and corrugated boxes, has gradually spread to newsprint and coated papers.

Pulp prices have soared from a low of $390 a ton a year ago to $620. Newsprint mills have successfully pushed through one 7 per cent price increase, and are about to try another. Producers of uncoated freesheet (otherwise known as plain white paper) earlier this month announced their third – and biggest – price increase of the year.

Signs of panic have appeared in some markets. Some pulp and containerboard suppliers have been forced to ration customers. Containerboard inventories are close to their lowest level in eight years.

The most recent – and most dramatic – price jump has been for old cardboard boxes and newspapers, which are required for the rising recycled content of many grades of paper. Used newspapers fetch about $120 a ton on the US east coast, up from $70 per ton in May.

While collectors of low-grade "mixed paper" until recently paid recyclers up to $20 a ton to take the stuff away, they can now sell this material for $50 a ton or more.

Newsprint producers which depend heavily on recycled material, such as Missouri-based Jefferson Smurfit, have found that the added cost of their raw materials has virtually wiped out the price increases announced so far this year.

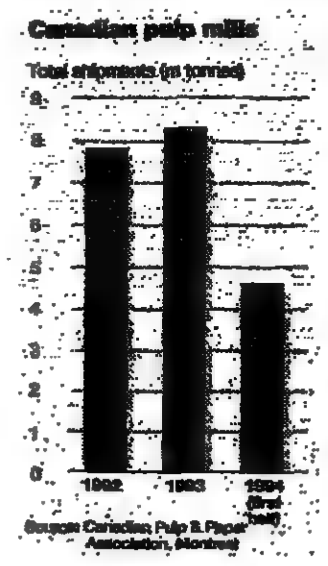
A recovery in paper prices comes as no surprise given the rebound in the North American economy.

Improved business conditions have pushed up newspaper and magazine advertising lineage, as well as use of packaging materials and some business paper grades. US daily newspapers' consumption of newsprint was 6.1 per cent higher in June than a year earlier.

"The industry goes that way – from feast to famine," says Mr Doug Young, a US paper consultant.

But a number of special factors are also at work in this upswing. Paper prices sank to their lowest levels in decades during the 1991-93 recession,

Canadian pulp mills



Source: Canadian Pulp & Paper Association, Montreal

forcing several dozen mills to [illegible].

"[illegible] haven't [illegible] high enough [illegible] justify capacity [illegible] in many cases," [illegible] Mr [illegible], analyst with [illegible] Information Systems, [illegible] Virginia consultancy. [illegible]'s chemical pulp mills were operating full tilt at 107 per cent of capacity last month, up from 89 per cent in May.

Furthermore, many customers are nervous that labour [illegible] way at [illegible] pulp and [illegible] will [illegible] later this summer, leading to a strike. Mr Wayne Mangels, director of market research at Bowater's US subsidiary, says the newsprint market, which is roughly in balance, would be deprived of about 35,000 tonnes of newsprint a week in the event of a strike there.

The weak US and Canadian dollars, coupled with strong overseas demand, has further tightened domestic markets by encouraging exports.

According to the Canadian Pulp and Paper Association, Canadian mills shipped 364,700 tonnes of newsprint to Asian countries in the first five months of 1994, 29 per cent more than last year. Pulp exports to Japan surged by 46 per cent in the first half of the year.

Japan is also one of the countries whose appetite for wastepaper has helped create the shortage in North America.

In spite of the price increases and supply shortages, few companies are thinking of installing new capacity. "Nobody has made enough money," says Mr Bruce Kirk, analyst at S.[illegible] in New York. Most companies are expected to wait until the recovery is on a more solid footing.

Several deals in the pipeline could provide a glimpse of the investment outlook. The industry will take a close interest in the price Scott Paper is able to negotiate for S.D. Warren, the world's largest maker of coated free-sheet [illegible] which Scott has put [illegible] for [illegible]

[illegible] number [illegible] prospective buyers [illegible] also hovering around [illegible] newsprint mill at Bear Island, Virginia.

On [illegible] other hand, investment in recycling plants is booming as environmental [illegible] require paper-makers [illegible] raise [illegible] recycled content of their products.

According [illegible] the American Forest [illegible] Paper [illegible], [illegible] producers have [illegible] new recycling projects on the drawing boards. The industry's consumption [illegible] recovered paper has jumped by about a third in the past four years to 29.2m tons in 1993.

The commissioning of so much recycling capacity raises fears, however, that the present shortage of old paper will seem insignificant compared with [illegible] scramble in a [illegible] years' time.

Bowater's Mr Mangel [illegible]mates that about 65 per cent of used papers will need to be recovered within the next five years to meet demand, compared with around 50 per cent now. "It could become a disaster," [illegible]

[illegible] result, [illegible] old [illegible] other wastepaper [illegible] become one [illegible] the North American industry's [illegible] pressing [illegible] and political concerns.

Japanese banks sold debt worth Y147bn in July

By Gerard Baker in Tokyo

Japanese financial institutions sold bad [illegible] totalling Y147.1bn ($1.46bn) to a joint debt-purchasing agency in July, the Co-operative Credit Purchasing Corporation (CCPC) announced yesterday.

The company said it paid Y52.1bn for 138 non-performing loans, a discount of 66 per cent to book value.

The CCPC was formed last year to take over problem loans from Japan's banks, heavily burdened with such loans following the collapse in property prices. The CCPC removes the loans from company balance sheets and disposes of the collateral. However, banks lend the money to the CCPC to buy the loans, and are themselves responsible for the difference between the value of the loan and the value of the collateral sold.

Since starting operations the company has acquired loans with a total nominal value of Y4,820bn, and has managed to recover just Y58.9bn, or 1.2 per cent of the value.

The average discount to book value of the loans bought by the CCPC has risen from 34 per cent in March last year, to the 66 per cent, indicating the weakness of the Japanese property market.

Nova ahead 44% at C$69m in second term

By Robert Gibbens in Montreal

Surging petrochemical prices enabled Nova, the Alberta energy group, to post second-quarter net profits of C$69m (US$50m), or 15 cents a share, up 44 per cent from C$41m, or 10 cents, on the year-ago figure.

First-half final net profit was C$236m, or 52 cents a share, including a special C$120m gain on the sale of a resource subsidiary.

Without special items, second-quarter profit was C$116m, or 26 cents, against C$84m, or 21 cents.

News says its investment in Fairfax is short-term

By Nikki Tait in Sydney

Mr [illegible] Cowley, chief executive of News [illegible], the Australian arm [illegible] Mr Rupert Murdoch's [illegible] Corporation, said the media group sees its investment in John Fairfax, a rival Australian newspaper publisher, as a fairly short-term holding.

News created a flurry of speculation last month when it disclosed that it had acquired a 1.7 per cent holding in Fairfax, after the publisher sent out formal [illegible] requesting details of [illegible] trading in [illegible] subsequently confirmed the News holding [illegible] risen to more than [illegible] per cent.

Speaking on television at the weekend, Mr Cowley seemed to downplay the situation. "It is a passive investment," he [illegible] "I don't see it as long term."

Many observers see the ownership situation [illegible] Fairfax, whose publications include the Sydney Morning Herald and the Financial Review, as inherently [illegible]. Mr Kerry Packer, the [illegible] businessman, holds [illegible] per cent of the [illegible], but is [illegible] higher under government media cross-ownership rules, while Mr Conrad [illegible] tycoon, is approaching the 25 per cent shareholding limit imposed on foreign investors.

INTERNATIONAL COMPANIES & CAPITAL MARKETS

US Shoe rejects $425m approach from Nine West

By Richard Tomkins in New York

US Shoe, the US footwear, clothing and optical goods group, has received [illegible] unwanted $425m approach for its footwear business from Nine West, another US footwear group.

The overture comes barely [illegible] months after US Shoe's shareholders voted against [illegible] similar proposal for a break-up of the company from a group of private investors associated with Mr Alfred Kingsley of Greenway Partners, a [illegible] York money management firm.

Nine West said yesterday it had approached US Shoe last [illegible] with a [illegible] that US Shoe should spin off its clothing and optical businesses and [illegible] footwear business with Nine West's. However, US Shoe's board had rejected the idea.

Its strategy in publicising details of the approach appears to be aimed at generating support for the plan from [illegible] Shoe's shareholders, so putting pressure on the company's [illegible] to reconsider.

US Shoe [illegible] specialty retailer of women's clothing, optical [illegible] with about [illegible] and annual [illegible] $2.7bn. Its lacklustre earnings record has put it under pressure to improve its performance.

Two months ago US Shoe's board defeated the Greenway Partners proposal by arguing it would derail actions already being taken to turn the company around. Yesterday US [illegible] latest proposal [illegible]tained the drawbacks that led to rejection of the earlier plan.

Nine West, which desi[illegible] and [illegible] women's fashion shoes and has annual sales of about $550m, was convinced of the logic of the deal because of the complementary brands and styles and the opportunities for merging manufacturing and sourcing.

Cigna registers 53% gain in second-quarter income

By Richard Waters

Cigna, the US insurance group, continued [illegible] record strong advances in its second-quarter health [illegible] business, though the costs of meeting property/casualty claims rose.

Overall, net income saw a better-than-expected 53 per [illegible] Earnings per share were $1.86, up from $1.22.

The advance was led by health [illegible] organisation (HMO) operations, which lifted operating income to $50m from $32m. The number [illegible] members in HMOs owned by Cigna was [illegible] fifth higher at 3.1m. Operating income from other indemnity insurance rose 11 per cent to $80m.

Property/casualty operations showed an operating loss of $32m from asbestos and environmental [illegible] this [illegible] more than [illegible] by falling losses in other property/casualty operations, which dropped two-thirds to $35m.

[illegible] $249m, or $3.44 [illegible] share, from $134m, or $1.86.

Denmark tops the ratings in July

By Conner Middelmann

Most government [illegible] markets posted modest gains in July, supported by a gradual decline in volatility and reports [illegible] reasonably paced, non-inflationary recov[illegible] in many countries, according to J.P. Morgan's bond index monitor.

Denmark fared best, [illegible] per cent in local currency terms. However, according to the report, investor interest remained tempered by concerns over the potential inflationary consequences of the country's relatively strong economic recovery.

Spanish bonds, the second-best performers, rose 1.86 [illegible] cent in local currency terms following [illegible] inflation data and easing concern over the political situation.

[illegible] shifted into the more liquid, [illegible] in Europe, and were further supported by the Bank of France's latest cut in its [illegible] rate to 5 per cent. They rose 1.44 per cent in local currency terms.

Sweden was the weakest performer, falling by 1.7 per cent in local currency terms, on a rise in inflation and worries over the outlook for tackling the government's fiscal deficit as general elections approach. The yield on the benchmark bond breached 11 per cent.

Italian bonds shed 0.14 per [illegible] as judicial investigations into Prime [illegible] Berlusconi [illegible] political uncertainty.

Japanese government bonds fell 0.21 per cent on optimism over [illegible] recovery [illegible] fading hopes of another discount rate cut.

Economic data put US Treasuries in reverse

By Frank McGurty in New York and Conner Middelmann in London

US Treasury bonds slipped yesterday morning on data which raised fresh doubts in the market about the strength of the economy.

By midday, the benchmark 30-year government bond was $\frac{1}{8}$ lower at 86$\frac{1}{32}$, with the yield rising to 7.406 per cent. At the [illegible] end, the two-year note was down [illegible] 100$\frac{1}{8}$, to [illegible] 6.007 per cent.

Bonds gave back some of Friday's gains after the National Association [illegible] Purchasing Management released the results of its July survey. The overall index of business activity showed only a slight gain at [illegible], from 57.5 the previous month. But analysts had expected [illegible] the disappointment depressed bond prices across the board.

[illegible] week's bullishness had stemmed largely from data showing an unexpected rise in business inventories, suggesting a slowdown in activity during the third quarter. The [illegible] report [illegible] only suggested the economy [illegible] speeding up, but also offered direct evidence that manufacturing stockpiles had increased last month. In turn, the market's confidence that monetary policy was on hold for the time being had to be re-evaluated yet again.

The damage was contained at moderate levels, however, partly because of an encouraging dip in the NAPM's prices-paid index, which [illegible] that upward pressure on the [illegible] of raw materials had eased slightly.The [illegible] inflation-sensitive [illegible] to trim their losses going into the [illegible] session.

Earlier in the day, the market traded higher on weaker-than-expected readings on the consumer sector. The Commerce Department said personal income had edged 0.1 per cent ahead, against forecasts of [illegible] 0.4 [illegible] consumption climbed 0.4 per cent, slightly below forecasts of 0.6 per cent.

■ European government bonds ended a quiet [illegible] little changed, drifting sideways in thin volume. Investors were reported to be holding back, limiting themselves largely to intra-market trades, such as yield curve lengthening, or inter-market dealing, switching from one market to another.

"Customers aren't putting any new money into the market – there's still [illegible] lot of nervousness around," said Mr Troy Bowler, international strategist at Paine Webber in [illegible].

GOVERNMENT BONDS

■ UK [illegible] recouped early losses to end little changed on very thin volume, but sentiment remained fragile after Friday's flurry of speculation over interest rates.

Expectations of a pre-emp[illegible] largely abated after the Bank of England left money market [illegible] unchanged in yesterday's operations, indicating that base rates were to be held at 5.25 per cent. But traders were loth to sound the all-clear before today'spublication of the central bank's quarterly inflation report. A bearish report could reignite fears of a rate increase, they said.

Friday's rush of speculation, which began when the Bank accepted bids at up to 5.75 per cent at its weekly T-bill auction, has left the market on tenterhooks.

"People will be just that bit more nervous about interpreting the Bank's moves in the future," said Mr Peter Fellner, gilt strategist at NatWest Markets. "We now have a situation where the market will constantly look for some sort of evidence that could trigger a move," he added.

The September long-gilt future on Liffe ended the day at 101 [illegible], up $\frac{1}{16}$ on the day.

■ German bonds ended a quiet session a touch firmer in extremely thin trading. [illegible] caught in [illegible] range and with [illegible] sidelined, [illegible] where we'll stay, [illegible] now," said a bund salesman. The September bund future on Liffe ended at 93.78, up 0.13 point.

■ French bonds tracked bunds slightly higher in similarly trendless trade. The September notional futures contract on Matif ended at 117.26, up 0.24 point.

■ Spanish bonds put on the best performance, rising by more than a point at the long end. The rally was partly supported by continued investor switching out of Italian bonds, traders said. Also, investors appeared to be focusing on Spain's improving fundamentals, especially its encouraging inflation outlook, they said.

The yield spread on the Spanish 10-year benchmark bond over its German counterpart narrowed to 337 basis points from 358 on Friday.

■ Italian bonds ended on a firmer note, in spite of fresh supply [illegible] 10- and 30-year bonds. However, sentiment remained nervous ahead of Prime Minister Silvio Berlus[illegible] liament today, where he will answer questions about plans to separate his public office and business interests.

GrandMet launches further $200m issue

By Tracy Corrigan

The traditional August lull, exaggerated by a holiday in Switzerland, started yesterday, with only [illegible] few new issues launched in a generally subdued market.

Grand Metropolitan, the UK food and drinks group, added a $200m tranche to its $400m offering of five-year [illegible] launched in May.

[illegible] proceeds of the new issue will be used to repay existing short-term debt, consisting mainly of commercial paper. "We wanted to strengthen our balance sheet by further pushing out the maturity profile of our debt," according to a GrandMet treasury official.

The $400m deal launched in May, the company's debut in [illegible] eurodollar bond market, [illegible] designed to improve [illegible] group's name recognition among European bond investors. GrandMet had previous [illegible] several [illegible] bonds in the US market.

The $400m issue [illegible] eurobonds launched in May at a yield spread of 53 basis points over the comparable Treasury had tightened to around 50 basis points, where the new tranche was priced. Lead manager Lehman Brothers reported a mixture of retail and institutional placement.

[illegible] bond [illegible]ket, the Republic of [illegible] launched a $100m three-year issue of floating-rate [illegible], arranged by Lehman Brothers and J.P. Morgan. The notes were priced to offer a discounted margin of 190 basis points over Libor.

The deal, promoted by a roadshow, was designed to gain access for the borrower [illegible] in [illegible]. However, most central banks do not have approval to buy sub-[illegible] grade bonds.

■ The US Commodity [illegible] Trading Commission has approved the FT-SE Mid 250 index futures contract traded on the London International Financial Futures & Options Exchange for sale to US customers. [illegible] contract [illegible] traded an [illegible] daily volume of 200 contracts since its introduction in February.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Grand Metropolitan(a)	200	[illegible]	[illegible]	[illegible]	[illegible]	+5[illegible]	Lehman Brothers Intl.
Republic of Argentina‡	100	(b)	99.50R	Aug.1997	0.45R	-	Lehman Asia/JP Morgan Asia
GUILDERS							
ABN Amro Bank	600	7.00	99.30R	Sep.2002	0.30R	+30 (6¼%-02)	ABN Amro Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at [illegible] is supplied by the lead manager. ‡Floating rate note. [illegible] re-offer price; fees are shown at the re-offer level. a) Fungible with $400m. Plus 55 days accrued. b) 3-mth Libor +175bp.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	96.3400	-	9.57	9.59	9.66
Belgium		7.250	04/04	95.3000	-	7.95	7.87	7.97
Canada *		6.500	06/04	82.7500	-0.060	9.20	9.21	9.31
Denmark		7.000	12/04	93.0700	-0.060	8.00	7.90	8.50
France	BTAN	8.000	[illegible]	104.7500	-	6.63	6.67	6.90
	[illegible]	6.500	04/04	88.0700	+0.030	7.25	7.18	7.55
Germany Bund		[illegible]	[illegible]	99.5300	+0.120	6.61	6.74	7.05
Italy		8.500	04/04	87.7000	+0.340	10.56†	10.35	10.50
Japan	No 119	4.800	[illegible]	104.7260	-0.010	3.68	3.65	3.52
		4.100	12/03	97.9430	-0.130	4.41	4.33	4.25
Netherlands		5.750	01/04	82.4600	+0.140	6.65	6.65	7.05
Spain		8.000	05/04	86.7000	+1.300	10.20	10.37	10.81
UK Gilts		[illegible]	06/99	90-24	+2/32	8.30	7.94	8.26
		[illegible]	[illegible]	88-05	+2/32	8.49	8.23	8.56
		[illegible]	[illegible]	103-31	+13/32	8.65	8.34	8.60
US Treasury *		[illegible]	[illegible]	100-26	-8/32	7.13	7.26	7.32
		[illegible]	08/23	86-06	-4/32	7.41	7.53	7.61
ECU (French Govt)		[illegible]	[illegible]	88.0100	+0.040	7.80	7.82	8.04

London closing, *New York mid-day. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by nonresidents). Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime		Treasury Bills and Bond Yields			
		One month	4.28	Two year	6.04
Prime rate	7¾	Two month	4.44	Three year	6.32
Broker loan rate	5⅝	Three month	[illegible]	Five year	6.79
Fed.funds	4⅞	Six month	4.88	10-year	7.14
Fed.funds at intervention	-	One year	5.41	30-year	7.43

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	117.20	117.26	[illegible]	117.40	116.98	84,464	118,994
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	115.74	115.72	+0.24	115.74	115.58	164	2,564

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
115	-	-	-	[illegible]	1.64	-
116	1.72	2.28	2.43	[illegible]	1.[illegible]	2.70
117	1.10	1.75	-	[illegible]	2.[illegible]	-
[illegible]	0.61	-	-	1.39	-	-
119	[illegible]	[illegible]	-	2.05	-	-

Est. vol. total, Calls 35,251 Puts 59,043. Previous day's open int., Calls 372,202 Puts 337,899.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250[illegible] 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	93.44	77986	[illegible]
Dec	92.83	93.11	+0.11	93.24	92.83	4869	[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Sep	CALLS [illegible]	CALLS Nov	CALLS Dec	PUTS [illegible]	PUTS Oct	PUTS Nov	PUTS Dec
9350	0.77	0.78	1.05	1.22	0.47	1.17	1.44	1.61
9400	0.51	0.57	0.83	1.03	0.71	1.46	1.72	1.92
9450	0.30	0.39	0.63	0.79	1.00	1.78	2.02	2.18

Est. vol. total, Calls 13360 Puts 14645. Previous day's open int., Calls 269290 Puts 274888

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 [illegible] of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		[illegible]	+0.15			0	76

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	101.40	[illegible]	101.74	[illegible]	21914	87379
Dec		[illegible]	[illegible]			0	191

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
10100	1.51	2.42	1.11	3.27
10150	1.23	2.21	1.33	3.56
10200	0.99	2.01	1.59	3.86

Est. vol. total, Calls 404 Puts 2047. Previous day's open int., Calls 38173 Puts 32008

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	90.82	47,118	106,729
Dec	-	91.20	-	-	-	-	610

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	101-18	[illegible]	[illegible]	[illegible]	47463	115994
Dec		100-30	[illegible]			0	1510

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
101	1-46	2-55	1-12	2-09
102	1-13	2-26	1-41	3-30
103	0-50	2-00	2-14	4-04

Est. vol. total, Calls 8107 Puts 5872. Previous day's open int., Calls 79061 Puts 56769

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	84.64	[illegible]	+0.06	84.86	84.48	663	[illegible]
Dec	-	84.26	+0.06	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	[illegible]	[illegible]	-0-11	104-16	104-07	[illegible]	[illegible]
Dec	[illegible]	[illegible]	-0-11	[illegible]	103-15	9,137	62,418
Mar	[illegible]	[illegible]	-0-17	[illegible]	102-24	176	4,272

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m [illegible] of [illegible]

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	109.05			[illegible]	[illegible]	1724	0
Dec	108.17			[illegible]	108.12	640	[illegible]

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Aug 1	Day's change %	Fri Jul 29	Accrued interest	xd adj. ytd		Low coupon yield Aug 1	Jul 29	Yr. ago	Medium coupon yield Aug 1	[illegible]	Yr. ago	High coupon yield Aug 1	[illegible]	Yr. ago
1 Up to 5 years (24)	120.82	[illegible]	[illegible]	1.61	[illegible]	5 yrs	[illegible]	8.36	8.61	8.49	8.51	6.74	8.60	8.61	6.97
2 5-15 years (22)	[illegible]	[illegible]	[illegible]	1.74	7.95	15 yrs	8.49	[illegible]	[illegible]	[illegible]	[illegible]	7.74	[illegible]	8.65	[illegible]
3 Over 15 years (9)	[illegible]	-0.02	[illegible]	1.48	8.11	20 yrs	[illegible]	[illegible]	[illegible]	8.58	[illegible]	7.82	[illegible]	[illegible]	[illegible]
4 Irredeemables (6)	179.58	+1.99	[illegible]	2.40	[illegible]	[illegible]	[illegible]	8.61	7.85						
5 All stocks (61)	137.25	+0.13	137.08	1.66	[illegible]										

Index-linked							Inflation 5% Aug 1	[illegible]	Yr. ago	Inflation 10% Aug 1	Jul 29	Yr. ago
6 Up to 5 years (2)	[illegible]	[illegible]	[illegible]	1.68	[illegible]	Up to 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Over 5 years (11)	170.08	[illegible]	169.77	0.61	[illegible]	Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 All stocks (13)	[illegible]	+0.15	[illegible]	0.72	[illegible]							

Debentures and Loans						5 year yield Aug 1	Jul 29	Yr. ago	15 year yield Aug 1	Jul 29	Yr. ago	25 year yield Aug 1	Jul 29	Yr. ago
9 Debs & Loans (78)	129.27	-0.31	[illegible]	2.90	5.57	9.61	[illegible]	[illegible]	[illegible]	9.51	[illegible]	[illegible]	[illegible]	[illegible]

Average gross redemption yields are shown above. Coupon Bands: Low 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Aug 1	July 29	July 28	July 27	July 26	Yr ago	High*	Low*
Govt. Secs. (UK)	[illegible]	[illegible]	92.08	92.26	[illegible]	99.29	107.04	[illegible]
Fixed Interest	[illegible]	110.27	[illegible]	[illegible]	111.57	119.19	[illegible]	107.33

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	July 29	July 28	July 27	July 26	July [illegible]
Gilt Edged bargains	88.0	[illegible]	[illegible]	73.2	[illegible]
5-day average	90.3	90.8	95.1	100.0	111.1

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 1

Issued	Bid	Offer	Chg.	Yield
[illegible]				

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
[illegible]						

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
[illegible]						

[illegible]

هكذا فن الأصل

This announcement appears as a matter of record only.

kpn

Koninklijke PTT Nederland NV

(Incorporated with limited liability in The Netherlands with its corporate seat in Groningen)

Offer of 138,150,000 Ordinary Shares
by the State of The Netherlands
Offer Price NLG 49.75 per Share

Global Coordinator

ABN AMRO Bank N.V.

Managed domestically in The Netherlands by the following

ABN AMRO Bank N.V.
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KBW Effectenbank N.V.
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SNS bank Nederland N.V.

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Salomon Brothers Inc
Smith Barney Inc.
Wood Gundy Corp.

Financial Advisers

To the State of The Netherlands
NM Rothschild & Sons Limited

To the Company
Goldman Sachs International

June, 1994

COMPANY NEWS: UK

Abbey National aided by drop in provisions

By Alison Smith

[illegible] steep [illegible] in provisions for bad and doubtful [illegible] largely [illegible] for the 41 per [illegible] in pre-tax profits [illegible] Abbey National, the home [illegible] and banking group, from £301m to £423m in the six months to June [illegible].

Provisions in UK retail banking fell [illegible] against £78m in the first half [illegible] 1993, while provisions for the group's continental European and offshore [illegible] fell to [illegible] (£81m).

Pre-tax profits in UK retail banking rose by [illegible] per [illegible] £314m [illegible], but there was a sharper [illegible] in profit [illegible] group's life insurance operations to £47m (£18m).

At [illegible] per cent of the UK net [illegible] lending [illegible] in [illegible] first half of this year, Abbey's [illegible] share was [illegible] than usual.

Mr [illegible] Birch, [illegible] tive, [illegible] that in [illegible] early part [illegible] when [illegible] mortgages had been popular and had [illegible] very slim margins, Abbey had deliberately [illegible] competed aggressively.

Since then the emphasis had shifted back towards variable [illegible] and Abbey's success would [illegible] through in market share figures for [illegible] second half of the [illegible].

But both he and Lord Tugendhat, chairman, underlined that the company wanted to be "judged on profitability, not by market share".

Abbey's share of the UK retail savings market was an estimated 14 per cent, following a marketing drive, but this could slip back in the second half.

Pre-tax profits from the treasury operation were just 6 per cent ahead at £70m (£66m), while there was a 33 per cent increase in a[illegible] assets.

Abbey intends to apply to the Securities and Exchange Commission in [illegible] US later this [illegible] for registration of public funding issues.

Group net interest margin fell to 1.6 per cent (1.86 per cent) and net interest income [illegible] Mr Birch [illegible] the [illegible] tion that there was pressure on margins. He pointed to the growth in the treasury operation [illegible] margins [illegible] smaller, and said that overall margins after provisioning had been fairly flat [illegible] some time. Abbey had "[illegible] that [illegible] are able [illegible] that margin fairly well".

Abbey [illegible] European operations now centred on [illegible] operation in Italy and [illegible] refocused banking operation in Spain.

● [illegible] Building [illegible] ety, the UK's [illegible] largest, [illegible] yesterday that it had acquired from Lehman Brothers [illegible] £70m [illegible] book made up of [illegible] UK residential mortgages.

[illegible] Lex

Investment side helps lift Govett to $27.3m

By Simon Davies

Govett & Co, [illegible] management and [illegible], announced a sharp rise in [illegible] management profits in [illegible] of weaker mar[illegible] in [illegible] half of [illegible].

The [illegible] management [illegible] by 62 [illegible] cent, from $8.37m to $13.6m (£8.7m), despite [illegible] redemptions [illegible] and a [illegible] in capital [illegible] the [illegible] in US [illegible].

Interim pre-tax profits rose by 20 per cent from $22.8m to $27.3m on the back of $2.5bn additional funds under management from acquisitions, the launch of new funds, [illegible] some $200m of new institutional client money.

The company launched three new mutual funds in the US in [illegible] half of [illegible], [illegible] a further two funds in the UK. [illegible] of June, it had $8.6bn of funds under management or administration.

Govett has decided that the key to increasing the build up of funds is to strengthen its distribution. It has secured agreements [illegible] Schwab, [illegible] and [illegible] products, [illegible] looking [illegible] other similar deals.

Its [illegible] profits [illegible] and the group [illegible] achieving $107m [illegible] premium [illegible] ever, earnings from development capital [illegible] fell [illegible].

The company is seeking to increase funds under management through acquisition, [illegible] liquid [illegible] spend on any purchases.

It [illegible] planning [illegible] upgrade its quotation [illegible] Nasdaq [illegible] Exchange, and [illegible] on the required expansion of its [illegible] in [illegible].

Fully [illegible] earnings [illegible] 30.5 [illegible].

The company is paying an interim dividend of 11 cents, [illegible] from 10 [illegible].

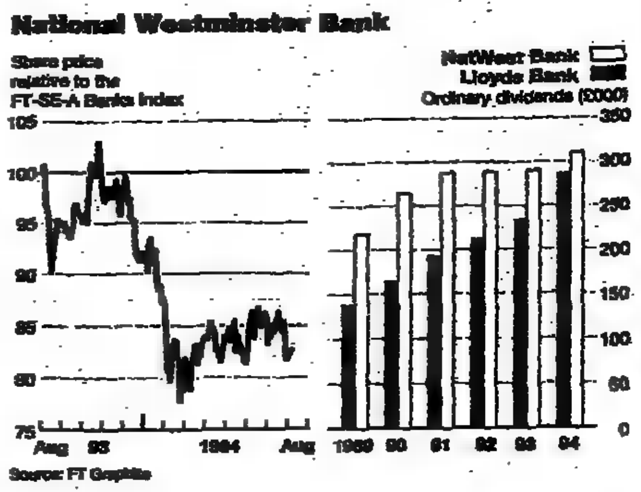
NatWest seeks to excite City

The bank hopes its results will ignite its shares, writes John Gapper

When National Westminster Bank announces interim results this morning, its directors will hope they bring about a change of mood. Despite a strong recovery in earnings and a general respect for its management, the bank has struggled without much success to excite the stock market.

The frustrations of its share price having lagged behind Barclays since its rival appointed Mr Martin Taylor as chief executive show. "We have done the revolutionary things Martin Taylor talks about, the things no-one is supposed to have done before," says Mr Derek Wanless, NatWest's chief executive.

National Westminster Bank



Source: FT Graphite

Apart from being perceived as a less dramatic recovery story than Barclays, NatWest has suffered from a relatively meagre 6 per cent dividend increase last year. This compared poorly with banks such as Lloyds and Royal Bank of Scotland which had stronger capital ratios, and paid more.

It contributed to a 24 per cent fall in its share price in the year to mid-July. Lord Alexander, NatWest's chairman, nonetheless defends the logic of the decision.

"It did not go down very well, but as someone said at the time, that said more about the market than [about] what we did."

The signs are that NatWest will attempt to reassure the market this morning with a bigger rise. Lord Alexander told the annual meeting that bad debt provisions were falling faster than expected, and that uncertainty over provisions was one reason for previous caution.

"Our general philosophy is that the dividend sends a signal for the future in terms of confidence, but we also believe it should be firmly covered," he says. The dividend was 1.9 times covered at the full year, but was not cut during the bank's worst year of 1991, and was uncovered for three years.

One difficulty facing NatWest is that its capital ratios – especially the tier 1 ratio of core capital to risk-weighted – are lower than other banks. Its tier 1 ratio at the year-end was 5.7 per cent – well above the Basle minimum of 4 per cent but below the 6 per cent seen by analysts as a benchmark.

Mr Richard Goeltz, NatWest's chief financial officer, has argued strongly that there are dangers in banks holding too much capital. Yet investor sentiment could be improved by NatWest breaking the [illegible] per cent barrier, something that it seems likely to have [illegible] in the first half.

There are two broader [illegible] lenges for NatWest. The first is to demonstrate that the bank's directors can both run existing operations well and make wise acquisitions. The second is to show that its mix of businesses [illegible] well-balanced and has growth potential [illegible] growing competition.

[illegible] initial advantage in having [illegible] layer [illegible] respected by analysts. But, as Lord Alexander admits, [illegible] clearing up past [illegible] in [illegible] US and Australia and bringing down bad debts in the UK does not mean they are instinctively trusted in all decisions.

"We [illegible] to [illegible] credibility not just [illegible] in the [illegible] cycle," [illegible] Lord Alexander. The [illegible] experienced scepticism recently [illegible] – or [illegible] book value – [illegible] Jersey Bancorp, to reinforce [illegible] Bancorp, its US [illegible].

[illegible] analysts question [illegible] would have been [illegible] buy [illegible] the price [illegible] they [illegible] missing [illegible] point.

"Clearly, [illegible] for [illegible] years [illegible] came from clearing up Bancorp's existing problems rather than making new acquisitions," he says.

Mr Wanless stresses the rigour with which NatWest's group [illegible] proposed acquisitions. "We had [illegible] US [illegible] in [illegible]. We know we [illegible] per [illegible] Jersey [illegible] and [illegible] non-interest income," [illegible].

Lord [illegible] NatWest [illegible] now [illegible] "run like a modern business and not – [illegible] was certainly the position – as [illegible] quasi-public institution". Its directors cite decisions such as pulling out of retail banking operations in France [illegible] evidence that it is not [illegible] painful decisions.

The second challenge is [illegible] build [illegible] mix of operations which can withstand downturns in particular sectors, or the UK as a whole. "UK retail banking is clearly a market where it is not going to be easy to operate in the short-term. There is a lot of competition here," says Mr Wanless.

The difficulty is to show that diverse operations such as NatWest Bancorp, Lombard, the finance house, Coutts, the private bank, and NatWest Markets, its investment bank, can not only meet the bank's target of 17.5 per cent post-tax return on equity, but make sense as a business together.

Mr Wanless says there are obvious ways in which they fit. Lombard can offer leasing and discounting to small companies which are less willing to take bank loans; and the retail bank can sell medium-sized companies products developed by NatWest Markets such as currency and interest rate swaps.

[illegible] obviously, [illegible] that the UK retail bank gains from [illegible] owning a US retail arm which can experiment [illegible] innovative market. He cites a project run by NatWest Bancorp in which it is offering financial services through a cable television link in New Jersey.

Yet [illegible] fact remains that investors are more likely [illegible] convinced of NatWest's [illegible] by a clear dividend signal [illegible] morning than [illegible] bank's general strengths. However, it [illegible] directors feel a Martin Taylor premium in the share price may otherwise elude them.

Ashtead advances to £7m as prices and demand rise

By Tim Burt

[illegible] in [illegible] Group [illegible] 21p [illegible] yesterday after the plant and machinery [illegible] had defied the [illegible] with a sharp [illegible] in full [illegible] profits.

Rising prices and buoyant demand [illegible] hire equipment helped [illegible] lift pre-tax profits from [illegible] April 30 [illegible] turnover [illegible] (£33.9m).

Mr Peter Lewis, chairman, said [illegible] group [illegible] reaping [illegible] of heavy investment [illegible] UK rental business, [illegible] totalled £13m during [illegible] year to take spending [illegible] 1990 [illegible].

"[illegible] results are [illegible] for the policy of investing during a [illegible] in people, plant and [illegible]. [illegible] downturn [illegible] given [illegible] opportunities by crushing [illegible] competitors," he [illegible].

Since [illegible] depths [illegible] recession, which [illegible] the value [illegible] the hire equipment industry from [illegible] doubled [illegible] per [illegible] and [illegible] well-placed [illegible] expand further.

Expansion plans [illegible] A-Plant, [illegible] UK [illegible] division, [illegible] dominated the improved [illegible] performance by contributing operating profits of [illegible] (£2.71m) [illegible] turnover ahead 28 per [illegible].

Mr [illegible] hoped [illegible] double [illegible] the country [illegible] outlets through acquisitions [illegible] by opening greenfield [illegible] predicted accelerated growth [illegible] US, [illegible] Sunbelt [illegible] subsidiary [illegible] operating profits [illegible] fold [illegible].

[illegible] Technology, the [illegible] shore services division, reported [illegible] more [illegible] in operating profits [illegible] £792,000. But Mr [illegible] a creditable result given the slowdown in North Sea oil and gas production and the decision to close its sales business to concentrate solely on rental operations.

Earnings per [illegible] than [illegible] (9.4p) [illegible] final [illegible] of 4.2p [illegible] recommended, [illegible] (4.538p).

● **COMMENT**

[illegible] itself tough targets. The [illegible] aims [illegible] to [illegible] halcyon pre-re[illegible] days [illegible] operating margins [illegible] per [illegible]. It [illegible] do it. The [illegible] industry is showing signs of an upturn; [illegible] quarter [illegible] up [illegible] operating margins [illegible] to [illegible] per cent. With [illegible] likely from new acquisitions and £5.6m of [illegible] year's rights issue, [illegible] company looks [illegible] fair. Profits [illegible] year are expected to reach £10.5m, which makes [illegible] considering on [illegible] multiple of 14.5.

Ladbroke eyes casinos business

By Michael Skapinker, Leisure Industries Correspondent

Ladbroke, [illegible] hotels, betting and DIY group, could agree to buy three casinos by the end of this month – 15 years after being forced out of the business for what a court called "disgraceful" behaviour.

Ladbroke is thought to be three weeks away from concluding a £50m deal to buy three London casinos from Mr Trevor Hemmings, the leisure operator.

The group will not know until after the deal is concluded, however, whether it will get Gaming Board approval to run them.

[illegible] to [illegible] establishments under their existing licences on a temporary basis, but will [illegible] require [illegible] certificate [illegible] from the Gaming Board, confirming that it is a fit and proper [illegible] to run the casinos.

Ladbroke lost three of its casino licences in 1979 after allegations about the way in which it had attempted to win business from rivals.

The retirement of Mr Cyril Stein as Ladbroke chairman at the beginning of this [illegible], however, opened the [illegible] group to attempt to re-enter the casino business. Mr [illegible] George, Ladbroke's new chief executive, has [illegible] no [illegible] of his desire to run casinos once again, along[illegible] and betting operations.

The group has said [illegible] wants to sell off its property division. While it is continuing to improve [illegible] management of [illegible] Texas Homecare DIY chain, [illegible] does not see itself as [illegible] retailer in the long term.

Mr Hemmings' clubs would [illegible] broke with a good spread of casino business. Maxims is aimed at [illegible] the [illegible] at the [illegible] market, [illegible] at [illegible] gamblers.

NEWS DIGEST

Caverdale expands to £1.3m

Caverdale Group, the motor retailing and industrial products concern, nearly doubled pre-tax profits, from £663,000 to £1.28m, in the six months to June 30.

Turnover advanced from £21.6m to £48.3m of which acquisitions accounted [illegible] £14.3m (£7.86m).

[illegible] products division had a strong six months, and Mr Arild Nerdrum, chairman, said he believed the outlook for the retail motor industry was more positive than at any time since Caverdale entered the sector. He expected further substantial growth in the second half.

The group completed the Godfrey Davis acquisition yesterday and Mr Nerdrum said the acquisition, which marks Caverdale's first involvement with Ford, would [illegible] £70m to turnover in a full year.

An interim dividend of 0.1p is being paid from earnings per share of 0.55p (0.46p).

Gartmore Emerging net assets at 153.8p

[illegible] Emerging Pacific [illegible] Trust reported a [illegible] value [illegible] share as at June 30.

The figure compared [illegible] values of 191.7p at the December year end and 112p [illegible] June 1993.

The trust, [illegible] trates on achieving long term capital growth, incurred net losses of £219,000 (profits of £98,000) for the period, for losses of 0.34p (earnings 0.15p) [illegible] share.

Bridon buys three businesses

Bridon, the wire rope and engi[illegible] products manufacturer, has bought the wire rope distribution and lifting equipment hire business of George Craig & Sons for a cash consideration based on net assets of about £7.5m and [illegible] goodwill premium not exceeding £1m.

Operating profit for the three [illegible] businesses, [illegible] will continue to trade as UK Lifting Services, Trading International and Pisces, is estimated at [illegible] April 30.

Barclays to appoint receiver [illegible] Melville

[illegible] Group yesterday announced that [illegible] had requested Barclays, [illegible] for a syndicate [illegible] banks, [illegible] appoint administrative receiv[illegible] to the [illegible].

Shares in the exhibition services [illegible] fittings group were suspended in May this year when the company warned that it was in talks which could lead to the sale of a substantial part of its business.

Melville last month completed the sale of its UK exhibition services activities to Estatepark Enterprises.

Wellington contests SE reclassification

Wellington Holdings [illegible] lodged [illegible] appeal against its reclassification by the Stock Exchange under [illegible] Chemicals, Materials [illegible] ogy.

The board believes that the company is more appropriately classified in its previous sub[illegible] Engineering, Diversified.

[illegible] company's appeal will be heard on September 12.

£3.66m acquisition for Barr [illegible] Wallace

Barr & Wallace Arnold Trust, the motor distribution, leisure, holidays [illegible] fuel distribution [illegible] acquiring the free[illegible] property [illegible] a [illegible] Benz dealership [illegible] by [illegible] Normand [illegible] Group, [illegible] £3.66m cash on completion.

For the year to February 28 Normand [illegible] of [illegible] and operating profits of [illegible],000 after internal rental costs associated with the freehold property of £150,000. [illegible] assets have a book value of £2.4m.

Norman Hay serves notice on contract

Norman Hay [illegible] notice on Orcadian International, the proposed purchaser of [illegible] Heathrow site, which has failed to pay the instalment of £3.7m due on July 29, under the terms of its contract.

The engineer has given Orcadian 10 days to complete the [illegible].

Hiscox Select Insurance Fund

Hiscox Select Insurance Fund, an investment trust supporting underwriting [illegible] Lloyd's, reported [illegible] share [illegible] July 26.

Profits for the interim period, from [illegible] 11 1993 [illegible] pre-tax and £543,000 after tax, giving earnings per share of 1.81p.

There is an interim dividend of 1.5p.

Restructured Dunton in the black

Dunton Group, the USM-quoted company with interests in brickmaking, engineering [illegible] property, returned to profit [illegible] a restructuring for the 11 months [illegible] April 30.

[illegible] pre-tax profit [illegible] compared with [illegible] the previous 12 months. However, ignoring the [illegible] of the restructuring, the company returned a loss before interest and [illegible] (£2.6m).

The restructuring involved a 1-for-3 rights issue which [illegible] the sale [illegible] various group companies and their debt, [illegible] a rearrangement with Dunton's bankers. It left the company with net assets of [illegible] compared with [illegible] tive net assets of £4.02m at [illegible] 1993.

Mr David Williams, chairman, said the board planned a reduction of capital to eliminate the profit and loss deficit, and also intended to apply for a full listing.

Earnings [illegible] share were 7.5p (losses 8.9p).

TR Smaller raises net asset value 14%

After deducting prior charges at par, the net asset value of TR Smaller Companies Investment Trust improved by some 14 per cent – from 182.6p to 207.7p per share – during the year to May 31.

The trust, part of the Henderson Touche Remnant stable, reported available revenue down [illegible] £7.1m (£7.68m) for earnings of [illegible] (4.31p) per share. Nevertheless, the final dividend is held at 2.3p, maintaining the total for the year at 3.8p.

French purchase for Tibbett & Britten

Tibbett [illegible] Britten, the distribution company, has acquired a [illegible] per cent holding in Clef Entrepolis, a French food and grocery distribution company based in Angers.

Under [illegible], which is being undertaken by Tibbett & Britten France, a wholly owned subsidiary, the remaining [illegible] may [illegible] acquired over the next three years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	[illegible] - ponding dividend	[illegible] year	Total last year
Abbey National ......int	5.7	Oct 17	4.15	-	14
[illegible] ......fin	nil	-	3	-	4.4
Ashtead ......fin	4.2†	Oct 5	3.405	5.5	4.538
Brandon Hire § ......fin	1.5	[illegible]	nil	[illegible]	nil
Caverdale ......int	0.1	Oct 1	nil	-	0.15
[illegible] ......int	11★	Sept 1	10	-	28
Hiscox Select ......int	1.5	Sept 30	-	-	-
[illegible] § ......int	0.97	Oct [illegible]	0.92♦	-	2.28♦
TR Smaller Cos ......fin	2.3	Oct [illegible]	2.3	3.8	[illegible]

Dividends shown pence per share net except where otherwise stated. †On [illegible] capital. §USM stock. ★[illegible] cents gross. ♦Adjusted for share [illegible].

فكذاوين الاهل

Caparo close to US steelmaking purchase

By Andrew Baxter

Caparo Group, the privately-owned UK steel and engineering concern, [illegible] yesterday it was [illegible] to making its biggest acquisition [illegible] date by buying most [illegible] steelmaking assets of Pennsylvania-[illegible] Sharon Specialty [illegible].

Mr Swraj Paul, the Anglo-Indian businessman who founded and chairs Caparo, [illegible] the company [illegible] signed a letter [illegible] intent [illegible] buy Sharon, which is operating under Chapter 11 [illegible] the US Bankruptcy Code.

Terms were not disclosed, but Caparo hopes [illegible] reach [illegible] definitive agreement on [illegible] purchase by September 4, with final closing set for November 1. Sharon would trade as [illegible] new [illegible] subsidiary, Caparo Steel.

If the deal goes through, it would transform the shape and size of Caparo Group, turning it into a $1bn (£600m) company through the combination of $400m of sales from Sharon and the current worldwide total of £360m.

Caparo has already [illegible] acquisitions in the US [illegible] industry, but Mr Paul said [illegible] takeover "is a vehicle to become somebody in steel in the US". The timing of the deal was good, he said, with the strength of the US steel market, and "steel is a business we know inside out".

Sharon has been in the court-administered Chapter 11 process since November 1992 and had undertaken to find a buyer by August 31 this year.

Caparo would initially operate Sharon's electric furnace, blooming mill and hot strip mill with 450 unionised hourly workers and 90 salaried people. It aims to be producing 1m tonnes per year of hot-rolled high and low carbon steel in the second year of operations. Caparo will invest $15m to help finance start-up activities and make initial productivity improvements. Ultimately, Caparo said it would further invest sufficient capital to develop Caparo Steel as a "low cost" competitive producer.

Exceptional costs hit Andrews Sykes

By Clare Gascoigne

Restructuring will continue to depress Andrews Sykes, the specialist industrial services group which yesterday announced a fall into the red for the year to end-March.

Exceptional items of £4.12m, half of which related to the disposal of non-core businesses, resulted in [illegible] pre-tax loss of £4.74m, against profits of £1.27m.

Mr Eric Hook, appointed chief executive on May 12 following a boardroom coup, said further rationalisation and reorganisation costs "will adversely affect the results for the year to March [illegible]".

Turnover fell 6 per cent, from [illegible] to [illegible]. Operating profits dropped from £4.2m to £1.2m; only £200,000 of this was generated in the UK, compared with £3.4m the previous year.

Exceptional losses on the disposal of two subsidiaries – Centahire, the small tool hire business based in the north-east, and Kocoverk, the 51 per cent owned Swedish group – amounted to £2.06m. Other exceptional items included redundancy costs of £670,000 (£844,000); a property write-down of £891,000; a stock and other asset write-off of £367,000 and other exceptional costs of £140,000.

Mr Hook said further asset disposals and a cost reduction programme would be necessary to reduce year-end gearing of 256 per cent. Since then the company has closed a centralised pump repair facility in Tipton, West Midlands, and withdrawn from Hungary.

"There is now a need to refocus management attention on the group's core activities of pumping, heating and air-conditioning and, in particular, the UK-based hire business," he said.

Losses per share were 40.6p (0.5p), and no final dividend is proposed (3p, totalling 4.4p for the year). Although the group was able in May to pay arrears of dividend on the convertible preference shares of 7p [illegible] share, payment due in [illegible] was again deferred.

Seacon drops to £437,000

Seacon Holdings, [illegible] USM-quoted shipping and distribution group, reported a decline in pre-tax profits from £818,000 to £437,000 on turnover ahead from £9.09m to £9.54m for the six months to end-March.

Mr Chris Roth, chairman, said that the outcome had been [illegible] by the development [illegible] Wharf [illegible] Northfleet, Kent. [illegible] interest [illegible] had [illegible] halved [illegible] £155,000, reflecting capital expenditure [illegible] project and lower interest rates.

Because of disruption caused by [illegible] work, Seacon had incurred [illegible] relating [illegible] the short-term hire [illegible] warehousing [illegible] plant [illegible] well as [illegible] employment [illegible] temporary [illegible] in [illegible] discharge ships [illegible] move [illegible] by inefficient methods, Mr Roth [illegible].

Although the [illegible] terminal [illegible] completed just [illegible] period end, [illegible] would [illegible] while [illegible] get [illegible] operating [illegible] efficiency, he [illegible].

Earnings per share [illegible] 1.18p [illegible] and the interim [illegible] is increased to 0.97p, against 0.92p adjusted for the 5-for-2 [illegible] split in March. A [illegible] final of [illegible] less than 1.36p is [illegible].

Corporate Services up sharply at £172,000

Corporate [illegible] Group, the USM-quoted employment [illegible] and training concern, lifted pre-tax profits from [illegible] £172,000 in [illegible] first half of 1994.

Turnover rose from £16.1m to [illegible], including a [illegible] tion from the training division, acquired in the second half of last year, of £6.3m.

The result follows a return to profit of £877,000 (£1.55m [illegible]) in 1993.

Mr Jeffrey Fowler, chairman, [illegible] there had been [illegible] strengthening within the UK market of both areas in which the group operated.

With the market expected to continue in its current form it was expected that the group would "perform very well in the second half, leading to a substantial enhancement in our earnings per share," he added.

He said that performance of the three acquisitions had been in line with expectations and he expected them to make a sig-[illegible] contribution [illegible].

Operating profits [illegible] (£162,000), including [illegible] training. Earnings per [illegible] improved [illegible] 0.44p (0.11p).

Brandon Hire returns to dividend list despite loss

Brandon Hire, [illegible] hires [illegible] tools, catering equip-[illegible] and marquees, resumed [illegible] payments in spite of a pre-tax loss [illegible] £12,000 for [illegible] year [illegible] April, compared with [illegible] £14,000 [illegible] last time.

A final [illegible] of 1.5p is payable from earnings, enhanced by [illegible] credit, of 0.63p (0.44p) per share.

[illegible] after an exceptional provision of £200,000 [illegible] four unsettled claims arising [illegible] the provi-[illegible] liquidation of [illegible] company's insurers. The provision [illegible] included [illegible] expenses of £3.29m (£2.77m).

Turnover was ahead 17 per cent at £4.54m (£3.87m), with a 28 per cent improvement in the [illegible] half after [illegible] poor [illegible].

The USM-quoted company is to seek [illegible] full listing and will change its April year end to December.

GEC-Marconi sells LNB offshoot

By Roland Adburgham, Wales and West Correspondent

Gooding [illegible] Electronics, [illegible] privately-owned [illegible] company, and Grundig of Germany have bought GEC-Marconi's LNB Division, which makes a component for the reception of satellite television.

The price has not been [illegible] but Mr Alfred Gooding, chairman of GCE, said it was substantial.

The division makes low noise blocks, which convert the microwave signals collected by a satellite dish to [illegible] lower frequency signal. This then goes by cable to a receiver which provides the television's sound and pictures.

LNB Division is claimed to be the UK market leader in the manufacture of low noise blocks and to have a third of the European market. It will be renamed Gooding Microwave Technology and the intention is to continue to [illegible]ly and expand its customer base. GCE has 70 per cent of the new company and Grundig 30 per cent.

Earlier this year, GCE and Grundig, in which Philips, the Dutch electronics company, has [illegible] large stake, set up Grundig Satellite Communications. The joint venture makes satellite television receivers at Llantrisant in south Wales and is already claiming to have 15 per cent of the UK market.

Mr Gooding described the acquisition as "a logical progression" of the launch of GSC. "The purchase is part of our strategy to build a fully integrated business in consumer electronics," he said.

Gooding Microwave Technology will employ the existing 35 staff of LNB Division and continue "for a limited period" at the present base in Borehamwood, Hertfordshire.

The sky's no limit for Mr Gooding

Roland Adburgham on GCE's latest satellite TV equipment venture

"The City thinks anyone going into brown goods is bonkers," said Mr Alfred Gooding. "But we in Europe have to compete with the Far East and America, and with modern techniques and investment, I believe it is possible to do so."

Mr Gooding, a Welsh entrepreneur in his early 60s, was speaking of Gooding Consumer Electronics, a private company formed 14 months ago by himself and Mr Koen van Driel, a Dutch businessman.

Based in south Wales, GCE is seeking to reverse the trend of recent years by becoming a leading British group in the sector.

[illegible] December, [illegible] paid FFr160m (£18.5m) to take over a French television factory owned by Grundig, the German consumer [illegible] manufacturer. In March, it set up an £8m joint venture with Grundig to make satellite television receivers in Wales.

In its latest move to create an integrated operation, it was announced yesterday that GCE had again joined forces with Grundig to acquire GEC-Marconi's LNB Division, which makes a vital component for satellite reception. The division will be renamed Gooding Microwave Technology.

Mr Gooding is gambling – with £18m of his own money – on his judgment that a UK-based consumer electronics business can be competitive with those in east Asia. Far fewer components, he said, were now needed to make electronic products. This had drastically cut assembly time and labour costs.

In addition, European retailers buying from east Asia had the disadvantage of working to a long timescale from order to delivery. "We are [illegible] we can provide better quality service than competitors and alter designs far quicker to meet the demands of the market," he said.

The French television factory, which Grundig wanted to close to consolidate manufacture elsewhere, has the capacity to make more than 1m sets a year. GCE is designing low-cost small-screen models and the plant will start deliveries in November.

[illegible] part [illegible] the acquisition, GCE purchased two brand names: [illegible] from Grundig and Continental Edison from Thomson. Products will sell under these names on the Continent and under the Grundig label in the UK and Ireland.

Grundig Satellite Communications, the joint venture with Grundig, is chaired by Mr Gooding with Mr van Driel as managing director. GCE owns 70 per cent and Grundig, which has two directors on the board, 30 per cent.

While the venture itself is new, Mr Gooding and Mr van Driel have much experience of satellite television equipment. Mr Gooding is chairman of Race Electronics, the contract manufacturer which makes own-label receivers. Mr van Driel, an ex-managing director of Grundig UK, is a former commercial director of Société Europeene des Satellites – owner and operator of the Astra satellite system.

"I recognised I didn't have the experience with European manufacture," Mr Gooding said, "and with his background he could set up a sales and marketing network to compete with the Far East."

"We concentrated on the design and then started discussions with Grundig," Mr van Driel [illegible]. "Our proposition was that if we joined forces we could have a pragmatic approach with down-to-earth designs. For many large organisations that is not simple – there is a culture of being over-engineered.

"We could offer efficient production with our background of contract manufacture, experienced management and a very respected brand name in Grundig, which has a large resource of research and development expertise and a strong distribution network."

Ashley Ashwood

Alfred Gooding: aiming to challenge the market leaders

Production began in April at Llantrisant, in Mid Glamorgan – Mr Gooding is a strong advocate of the merits of a Welsh labour force. A £3m advertising campaign aims to challenge the market leaders, Amstrad and Pace, and, more indirectly, cable television.

In the UK, the GSC range starts at £199. "We believe the consumer will be less and less prepared to pay a hefty premium for a brand name," Mr van Driel said.

The target is [illegible] capture, within three years, between 25 and 30 per cent of the UK market of about 900,000 units. The company claims to have already reached half of that target. Over the three years, it expects [illegible] build up to an annual production of 1m units, with the Llantrisant workforce increasing from 200 to 500. About two thirds of this output is intended to be exported to continental Europe, India and east Asia, and the Americas.

Mr Gooding's confidence is undiluted. "We will have a turnover of £150m in 1995. There [illegible] no [illegible] ways about it."

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Pool for Trading on [illegible]: Pool purchase price £/MWh	Pool Prices in Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.05	17.44	20.01
0100	9.59	10.60	10.60
0130	9.59	10.60	10.00
0200	9.59	[illegible]	10.00
0230	9.09	[illegible]	10.00
0300	9.59	[illegible]	10.00
0330	9.59	[illegible]	10.00
0400	9.59	[illegible]	10.00
0430	9.59	[illegible]	10.00
0500	9.59	[illegible]	10.00
0530	9.59	[illegible]	10.70
0600	9.60	[illegible]	14.30
0630	9.90	[illegible]	14.30
0700	12.27	[illegible]	24.90
0730	16.40	[illegible]	25.40
0800	16.66	27.81	20.39
0830	17.25	28.01	27.61
0900	17.26	28.78	32.41
0930	20.42	28.84	32.40
1000	23.60	29.60	32.55
1030	23.60	29.84	32.61
1100	21.24	30.64	32.74
1130	23.52	44.30	47.58
1200	23.64	44.40	47.26
1230	37.78	44.42	47.20
1300	34.71	44.16	40.65
1330	21.26	28.03	30.60
1400	20.36	27.93	30.65
1430	17.61	27.30	30.51
1500	17.61	27.90	30.50
1530	17.61	27.91	30.51
1600	17.29	27.06	30.59
1630	20.66	32.42	35.09
1700	22.34	33.32	38.00
1730	22.35	33.23	35.60
1800	22.32	33.08	35.65
1830	17.80	27.80	30.38
1900	17.22	23.61	28.38
1930	16.49	24.08	28.65
2000	16.55	23.39	29.90
2030	16.40	23.39	25.95
2100	10.61	32.92	35.40
2130	26.08	32.92	35.49
[illegible]	25.08	32.97	35.40
[illegible]	26.08	32.92	[illegible]
[illegible]	20.43	23.39	[illegible]
[illegible]	20.43	17.80	[illegible]
[illegible]	13.86	23.27	[illegible]

[illegible] are determined for every half-hour in each four hour period. Prices are in pounds per [illegible], rounded to two decimal places. [illegible] Provision for the [illegible] of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible]

This announcement appears as a matter of record only.

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Mellon Bank N.A.	Morgan Guaranty Trust Company of New York
National [illegible] Bank plc	Nomura Bank International plc
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Agent

S.G.Warburg & Co. Ltd.

July 1994

COMMODITIES AND AGRICULTURE

Rally in coffee futures mystifies London traders

By Alison Maitland

[illegible] rose strongly in [illegible] York and London yesterday, but [illegible] were casting about for justification.

"It's [illegible] bit [illegible] mystery to me quite why [illegible] proceeding in a northerly direction," admitted one London-based trader.

Volumes were fairly thin and traders turned [illegible] to explain the rise, saying the [illegible] York September [illegible] appeared [illegible] found support [illegible] 200 [illegible] a pound, [illegible] "for [illegible] moment" London's second position [illegible] keen [illegible] stay [illegible] the [illegible] tonne [illegible] on July 1 between the [illegible] Brazilian [illegible].

[illegible] November [illegible] position in London opened sharply higher and ended just off its highs [illegible] $3,493 a tonne, up [illegible]. In afternoon trading in [illegible] York, the [illegible] position was up 9.20 cents at 215.20 [illegible] pound.

[illegible] in [illegible] market [illegible] renewed concern [illegible] quality [illegible] Brazilian [illegible] stocks, after [illegible] bought up only about half the stocks [illegible] at auction [illegible] Friday.

This gave some support to suggestions by the US Department of Agriculture that only about 9m bags of Brazil's 17m-bag stockpile might be fit for consumption.

Running [illegible] in this, [illegible] sceptiscism about [illegible] Brazilian [illegible] that 11m bags of [illegible] year's crop, [illegible] cent, might [illegible] been [illegible] by [illegible]. Independent [illegible] ranged from 6m [illegible] bags.

EU horticulture support cuts planned

By Alison Maitland

Intervention prices that [illegible] encouraged huge surpluses in Europe's fruit and vegetable [illegible] would [illegible] "unprofitable" levels [illegible] proposals [illegible] reform unveiled by [illegible] European Commission.

The sector, which [illegible] European Union's [illegible] agricultural policy budget Ecu1.6bn (£1.26m) [illegible] to administer, [illegible] three – with [illegible] and [illegible] – [illegible] escaped [illegible] in the MacSharry reforms of [illegible]. However, Mr René Steichen, the agriculture commissioner, [illegible] week [illegible] the fruit [illegible] vegetable [illegible] generally well-tuned [illegible] marketplace.

Announcing only [illegible] changes, involving [illegible] redirection rather than [illegible] in funding, he said: "If [illegible] works, why change it?"

Surpluses would be tackled, however. Producers typically destroy 600,000 [illegible] of surplus, [illegible] fruit [illegible] while.

In future, [illegible] "withdrawal" [illegible] "clearly unprofitable level, well below the present withdrawal price in most cases", [illegible] commission paper. Producer [illegible] would [illegible] allowed [illegible] top up [illegible] subsidies from operating funds, half [illegible] would [illegible] provided by [illegible] EU and national [illegible]. But they would [illegible] use only "a limited and decreasing proportion" [illegible] for [illegible] purpose.

[illegible] 1.8m farming families depend on the fruit [illegible] vegetable [illegible], which [illegible] per cent [illegible] EU agricultural [illegible]put. It [illegible] particularly important [illegible] as Spain and Italy, accounting [illegible] countries' agricultural output.

Recognising the dependence of some sectors on intervention, Mr Steichen proposed scaling prices down gradually over four [illegible].

He suggested financing should be [illegible] producer groups [illegible] expand "to [illegible] increasingly concentrated [illegible]. Funding [illegible] if [illegible] forged cross-border links. Money would [illegible] grubbing-up surplus crops.

Mr [illegible] of output quotas [illegible] payments [illegible] thrust of policy [illegible] improve [illegible] dynamism. [illegible] use their operating funds to promote products and encourage environmentally-friendly growing and packing methods.

The proposals are expected to be discussed by agriculture [illegible] in September.

US heading for record rice crop

By Nancy Dunne in Washington

The US Department [illegible] Agriculture yesterday [illegible] country's rice production [illegible] jump by [illegible] per cent [illegible].

Farmers in [illegible] rice-grow[illegible] long-grain rice. Medium-grain [illegible] rose [illegible].

As a result production could hit 9.4m [illegible]. With imports expected [illegible] reach 400,000 [illegible] supplies [illegible] by [illegible] per [illegible] 10.95m tonnes.

[illegible] good weather, [illegible] increasing [illegible] 3 per cent. Farmers got off to an early [illegible] spring planting and favourable conditions since then have produced a crop of which USDA officials [illegible] 7 per [illegible] "excellent", 74 per cent "good" and [illegible] per cent "fair".

Demand [illegible] increasing, although not [illegible] production. US consumption [illegible] reach [illegible] record – 5.06m tonnes. Exports are likely to rise by 2 [illegible] 4.15m tonnes, despite the decline in Japanese [illegible].

After last year poor harvest, Japan is also having a better year. This could drive both US [illegible] world prices down to [illegible] $100 [illegible] tonne, according to USDA figures. Last year's average US price is estimated to have been [illegible].

Waldegrave has the right pedigree

Britain's new agriculture minister is [illegible] farmer and [illegible] conservationist

FARMER'S VIEWPOINT

By David Richardson

Mr William Waldegrave has the right pedigree to be a good minister of agriculture. First and foremost he is a farmer with a majority share in a 400-hactare specialist dairy enterprise in the Mendip hills. The tenanted farm carries three herds totalling 450 cows and while reports suggest that he does not actually milk them himself, he must be involved in management and knowledgeable about profitability.

Secondly, he is the son of a man who was a minister of state for agriculture in a previous Conservative administration. Thirdly, he is a convinced conservationist. Moreover, when he was a minister at the department of the environment a few years ago, he made a speech at the Oxford Farming Conference that appeared to most of his audience to strike an acceptable balance between farming and other increasing demands on the countryside.

But his predecessor, Mrs Gillian Shephard, is a hard act to follow. She too was the child of a farming family. She too was able to talk to her agricultural constituency in language they understood. And in her 14 months as minister she in persuaded most farmers that she had [illegible] best [illegible] at heart without ever straying [illegible] government policy [illegible] stringent financial control.

Mr Waldegrave, however, has made [illegible] promising start. At his first press conference after being appointed minister he declared his support for farm tenancy [illegible]. [illegible] five years it has been accepted across the industry that restrictive laws governing farm tenancies were in need of revision. Moreover, few new tenancies have been established in recent years because of outdated rules on lifetime security of tenure for tenant farmers. Most landowners have avoided such traps by skirting the law and setting up limited life contract agreements instead.

In December 1993, after years of debate and negotiation, agreement was finally reached between the National Farmers' Union, [illegible] Country [illegible] ers' Association [illegible] Young Farmers' [illegible] on a [illegible] flexi[illegible] new [illegible]. All [illegible] was [illegible] was parliamentary time [illegible] legislation [illegible] bring about [illegible] changes. [illegible] Waldegrave gave [illegible] by [illegible].

A [illegible] will [illegible] continuing saga of the future of the Agricultural Wages Board. The board was scheduled to be scrapped in line with government policy on free wage bargaining. But a campaign was launched to save it on the basis that it had historically set reasonable conditions and minimum rates for farm work that had become the baseline for negotiations between workers and employers.

Interestingly, supporters of the AWB included employers as well as workers. All recognised that wage bargaining by an individual worker, who might [illegible] the only employee on [illegible] small farm, needed [illegible] framework. A few months ago it appeared likely that the government would give way and allow the AWB to continue.

[illegible] confused, however, by aboli[illegible] demands from some labour-intensive [illegible] of agriculture and horticulture and by a call from the farm workers' union for a judicial [illegible] the AWB, claiming [illegible] discriminates [illegible] part-time women workers. [illegible] Shephard [illegible] that [illegible] announce [illegible] on the [illegible] before the parliamentary recess. Mr Waldegrave [illegible] there [illegible] no rush [illegible] he [illegible] talk [illegible] through.

A [illegible] has already been made to [illegible] up [illegible] Marketing Board following similar [illegible] Marketing [illegible]. [illegible] are divided, however, on the size, shape and therefore cost, of a successor body that all agree should commission research and arrange market promotion. A producer poll is being held that could wind up the operations of the present board before it has time to plan for the future. If that turns out to be the case, it will be up to the new minister to decide what, if any, successor body is set up.

On [illegible] Mr Waldegrave is known [illegible] be hostile to [illegible] European Union's common agricultural policy because of its [illegible] and cost, as well as what he sees as its past failure [illegible] deliver environmental benefits. It [illegible] highly proba[illegible] that, [illegible] with the other EU agriculture ministers, he will have an opportunity to help re-reform it.

On the domestic front, however, he will need to address the ever-worsening problem of the food trade gap – the difference in value between the food the UK exports and that which it imports. At present, that gap is some £6bn per year and rising and many people in food and farming, myself among them, believe that there is an urgent need to create an effective initiative to promote British food to British people.

These are just a [illegible] of the [illegible] William Waldegrave will find [illegible] his in-tray at Maff. And [illegible] most other [illegible] farmers gather their grain [illegible] will begin [illegible] complicated [illegible] of familiarising himself [illegible] brief.

October start for French rapeseed futures

By Antonia Sharpe

Matif, the French [illegible] exchange, has announced [illegible] it will begin trading in [illegible] rape futures on October 28.

The contract denominated in D-Marks but with continuous [illegible] into French [illegible] dollars, will be the first in Europe's dominant [illegible] on a European exchange. The only [illegible] oilseed rape contract is traded on the Winnipeg exchange in [illegible].

The futures contract, [illegible]oped in conjuction with [illegible] French [illegible] Onidol, will enable oilseed pro[illegible] rapeseed price volatility that has resulted from the reform of the European Union's agricultural policy.

[illegible] expects [illegible] main [illegible] of [illegible] will be French, German, Danish and British, [illegible] producers of oilseed rape, and is hoping for daily turnover of 1,000 lots in the early stages.

El Abra sale boosts profits of Chilean miner

By David Pilling in Santiago

After-tax profits [illegible] Codelco, Chile's state copper giant, rose by 136 per cent during the first six [illegible] $212.7m, [illegible] operational earnings fell by 11.2 per cent to $306.6m.

The improved performance was largely due to the $330m received by Codelco after the sale of 51 per cent of the El Abra deposit to Cyprus Minerals of the US.

Copper production [illegible] co's four mines fell by 7 per cent on the same period last year [illegible] tonnes, largely [illegible] of declining ore grades. The fall was offset by a marginal improvement [illegible] productivity which averaged 69.05 cents [illegible] pound and by a reduction in staff from 24,820 [illegible] year ago to 22,490.

Chuquicamata, [illegible] the world's biggest [illegible] mine, recorded costs of 64.7 cents a pound while Andina, the least [illegible] deposits, just nudged under 80 cents. [illegible] Juan Villarzú, the new Codelco president, [illegible] modernising the company, has targeted 60 cents a pound by the end of the decade.

According to [illegible] Mr Villarzú has persuaded the government to provide [illegible] $450m needed to develop the Radomiro Tomic. Development of a [illegible] mine like [illegible] is vital [illegible] future of the company. However, [illegible] is great [illegible] for Codelco to follow the [illegible] Abra model, selling part of the deposit to the private sector.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, [illegible] PURITY ($ per tonne)

	Cash	3 mths
Close	1445-55	1479-9.5
Previous	1449-51	1478-79
High/low	1455	1484/1471
AM Official	1455-6	1482-3
Kerb close		1471.5-72
Open int.	264,620	
Total daily turnover	44,809	

ALUMINIUM ALLOY ($ per tonne)

Close	1475-80	1490-500
Previous	1460-5	1495-500
High/low		[illegible]
AM Official	[illegible]	1495-500
Kerb close		1490-5
Open int.	2,824	
Total daily turnover	842	

LEAD ($ per tonne)

Close	586-7	603-4
Previous	583.5-4.5	600-1
High/low	587	604/602
AM Official	[illegible]	603.5-4.0
Kerb close		603-4
Open int.	41,282	
Total daily turnover	[illegible]	

NICKEL ($ per tonne)

Close	6140-50	6230-35
Previous	6207-17	6295-305
High/low		6260/6200
AM Official	6150-1	6230-5
Kerb close		6200-10
Open int.	56,242	
Total daily turnover	13,280	

TIN ($ per tonne)

Close	5185-95	5260-70
Previous	5200-10	5275-85
High/low		[illegible]
AM Official	5200-05	5275-80
Kerb close		5250-60
Open int.	18,008	
Total daily turnover	[illegible]	

ZINC, special high grade ($ per tonne)

Close	946.5-7.0	969-70
Previous	942-43	964-65
High/low	944	972/967
AM Official	944-5	966-7
Kerb close		965-6
Open int.	103,062	
Total daily turnover	[illegible]	

COPPER, grade A ($ per tonne)

Close	2429-30	2433-4
Previous	2438-9	2442-3
High/low		2443/2426
AM Official	[illegible]	[illegible]
Kerb close		2425-6
Open int.	236,960	
Total daily turnover	[illegible]	

LME AM Official £/$ rate: 1.5441
LME Closing £/$ rate: 1.5383
Spot:1.5375 [illegible] 6 mths:1.5308 [illegible]

HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Aug	109.25	-1.95	110.35	109.20	613	96
Sep	109.65	-1.75	111.10	109.40	29,659	4,572
Oct	109.85	-1.70	-	-	425	3
Nov	[illegible]	-1.40	-	-	322	-
Dec	[illegible]	-1.20	110.50	109.40	[illegible]	780
Jan	109.40	-1.10	-	-	341	14
Total					48,818	[illegible]

PRECIOUS METALS

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.00-383.40	
Opening	384.10-384.50	
Morning fix	384.00	248.785
Afternoon fix	383.85	249.027
Day's High	384.50-384.90	
Day's Low	382.90-383.30	
Previous close	383.70-384.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.96	6 months	4.43
2 months	4.04	12 months	4.84
3 months	4.14		

Silver Fix	p/troy oz.	US cts equiv.
Spot	345.30	533.00
3 months	349.90	538.85
6 months	355.10	545.95
1 year	366.05	562.70
Gold Coins	$ price	£ equiv.
Krugerrand	390-393	253-255
Maple Leaf	395.00-397.45	-
New Sovereign	91-94	59-62

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	[illegible]	[illegible]	[illegible]	382.5	4,125	[illegible]
Sep	[illegible]	+0.2	-	-	-	-
Oct	386.3	+0.2	[illegible]	385.5	10,383	2,092
Dec	[illegible]	+0.2	[illegible]	388.6	74,021	43,212
Feb	[illegible]	[illegible]	[illegible]	392.8	10,698	[illegible]
Apr	396.0	+0.1	396.2	396.2	[illegible]	[illegible]
Total					[illegible]	[illegible]

PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	427.1	[illegible]	[illegible]	426.5	24,735	[illegible]
[illegible]	[illegible]	+0.3	432.0	429.0	2,408	[illegible]
Apr	[illegible]	+0.3	[illegible]	432.6	[illegible]	1
Jul	437.5	[illegible]	-	-	1	-
Oct	441.5	[illegible]	-	-	1	-
Total					[illegible]	[illegible]

PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	+2.65	157.00	[illegible]	[illegible]	360
Dec	[illegible]	+2.65	[illegible]	[illegible]	1,344	95
Mar	[illegible]	[illegible]	-	-	182	-
Total					[illegible]	[illegible]

SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	[illegible]	[illegible]	530.5	530.5	-	-
Sep	532.3	-0.9	535.0	530.0	77,222	16,868
Dec	[illegible]	-0.9	542.0	537.0	-	-
Jan	541.1	-0.9	-	-	25,010	2,557
Mar	547.3	-1.1	549.0	547.0	22	-
May	[illegible]	-1.2	554.0	[illegible]	[illegible]	95
Total					[illegible]	[illegible]

ENERGY

CRUDE [illegible] NYMEX [illegible] US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	20.78	+0.46	20.98	20.25	91,842	52,769
Oct	20.29	+0.43	20.52	19.92	55,434	35,593
Nov	19.96	+0.41	20.13	19.55	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	19.42	47,055	[illegible]
Jan	[illegible]	[illegible]	19.66	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	19.15	12,883	3,401
Total					391,841	[illegible]

CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	+0.61	[illegible]	18.88	75,865	25,458
Oct	18.80	[illegible]	18.98	18.59	35,987	[illegible]
Nov	[illegible]	[illegible]	18.75	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	+0.35	18.36	18.11	6,480	1,077
Feb	[illegible]	+0.33	18.28	18.01	3,528	520
Total					[illegible]	[illegible]

HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	54.70	+1.45	[illegible]	53.60	38,568	23,621
[illegible]	55.50	+1.38	[illegible]	54.60	15,834	[illegible]
[illegible]	56.25	[illegible]	56.50	55.50	11,494	[illegible]
[illegible]	57.00	+1.16	[illegible]	56.40	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	57.10	[illegible]	284
Total					[illegible]	57,731

GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	[illegible]	+6.00	168.50	[illegible]	[illegible]	[illegible]
Sep	169.75	+6.25	[illegible]	[illegible]	[illegible]	[illegible]
Oct	171.75	+5.75	173.75	169.00	[illegible]	4,711
Nov	173.50	+5.75	175.00	171.00	[illegible]	1,229
Dec	175.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	176.25	+6.00	176.75	174.50	8,735	955
Total					101,890	23,591

NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	-0.010	[illegible]	[illegible]	[illegible]	[illegible]
Oct	1.985	-0.008	[illegible]	1.955	13,378	1,930
Nov	2.089	+0.001	2.120	2.060	10,075	918
Dec	2.220	-0.008	2.250	2.210	15,227	[illegible]
Jan	[illegible]	-0.005	[illegible]	2.230	10,156	[illegible]
[illegible]	2.154	+0.001	[illegible]	[illegible]	[illegible]	[illegible]
Total					118,501	13,261

UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Sep	60.30	+1.59	60.75	[illegible]	4,258	11,740
Oct	57.45	+1.18	57.90	[illegible]	48,122	24,732
Nov	56.25	+1.18	55.40	[illegible]	12,211	7,080
Dec	60.00	+0.97	60.35	59.25	8,530	1,882
Jan	59.25	-	-	-	5,737	[illegible]
Feb	58.75	+0.53	58.85	58.65	2,421	109
Total					[illegible]	[illegible]

GRAINS AND OIL SEEDS

WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	104.20	-0.40	104.40	104.40	[illegible]	1
[illegible]	104.95	[illegible]	[illegible]	105.00	[illegible]	119
[illegible]	107.15	-0.30	107.95	[illegible]	[illegible]	35
Mar	108.85	[illegible]	[illegible]	108.95	687	58
[illegible]	110.60	-0.40	111.20	111.25	[illegible]	[illegible]
Jul	112.75	-0.50	113.00	[illegible]	147	-
Total					[illegible]	213

WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	330/4	-	330/6	327/4	17,400	2,302
Dec	[illegible]	+0/4	346/0	[illegible]	32,605	[illegible]
Mar	[illegible]	[illegible]	[illegible]	347/6	[illegible]	513
May	342/6	+0/2	343/0	340/6	475	95
Jul	329/0	+1/0	329/0	327/0	1,050	84
Dec	338/0	+1/0	-	-	2	-
Total					[illegible]	[illegible]

MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	214/6	[illegible]	[illegible]
Dec	[illegible]	-0/2	222/2	217/0	121,831	[illegible]
Mar	230/6	[illegible]	231/0	228/6	[illegible]	[illegible]
May	[illegible]	[illegible]	237/0	[illegible]	9,213	230
Jul	242/0	[illegible]	242/0	[illegible]	[illegible]	350
Sep	242/0	-0/4	242/0	240/0	590	14
Total					216,083	20,885

BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	103.00	[illegible]	-	-	[illegible]	-
Nov	[illegible]	-	[illegible]	104.80	479	42
Jan	[illegible]	[illegible]	[illegible]	108.00	[illegible]	10
Mar	[illegible]	-	-	-	38	-
May	[illegible]	[illegible]	-	-	[illegible]	-
Total					[illegible]	[illegible]

SOYABEANS CBT (5,000bu [illegible] cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	565/0	-3/6	566/4	560/4	[illegible]	6,478
[illegible]	571/4	-3/6	572/0	565/4	[illegible]	2,929
Nov	561/0	-4/6	[illegible]	555/0	68,679	19,517
Jan	[illegible]	-4/6	568/0	[illegible]	[illegible]	1,011
Mar	577/0	[illegible]	[illegible]	[illegible]	[illegible]	580
[illegible]	584/2	[illegible]	584/2	579/0	3,410	[illegible]
Total					612,110	108,745

SOYABEAN [illegible] CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	23.80	-0.14	[illegible]	23.48	8,752	2,774
[illegible]	23.62	-0.11	[illegible]	23.42	22,889	4,383
Oct	[illegible]	-0.05	[illegible]	23.22	14,461	[illegible]
Dec	23.45	[illegible]	[illegible]	23.02	37,526	[illegible]
Jan	23.47	-0.02	[illegible]	[illegible]	[illegible]	137
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4,347	205
Total					95,024	15,219

SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

POTATOES LCE (£/tonne)

[illegible]

FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

SOFTS

COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	1106	-19	1116	1096	18,198	1,847
Dec	1116	-18	1125	1110	32,441	1,475
Mar	1131	-22	1144	1128	30,372	560
May	1139	-21	1152	1139	10,287	63
Jul	1146	-21	1156	1148	4,179	50
Sep	1152	-	-	-	-	-
Total					118,074	3,621

COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	1472	[illegible]	1490	[illegible]	33,894	11,494
Dec	1513	-19	1534	[illegible]	21,395	6,371
Mar	1553	-11	1565	[illegible]	7,905	888
May	1574	-8	1575	1570	2,954	-
Jul	1594	-8	1600	1600	2,344	-
[illegible]	1614	-8	-	-	1,092	-
Total					75,381	18,780

COCOA (ICCO) [illegible]

	Price	Prev. day
Jul 29		
[illegible]	1144.89	1092.83

COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	3534	+118	3540	3445	18,257	1,517
Nov	3493	+140	3495	3405	9,094	1,158
Jan	3474	+130	3480	3400	8,303	380
Mar	3468	+140	3455	3385	3,665	[illegible]
[illegible]	3450	+140	3380	[illegible]	[illegible]	98
Jul	3445	-	-	-	11	-
Total					41,226	[illegible]

[illegible] 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	211.60	+6.85	213.00	204.50	18,365	3,877
[illegible]	215.10	+6.10	216.50	[illegible]	12,954	2,113
Mar	215.25	+6.00	215.25	[illegible]	[illegible]	[illegible]
May	216.75	+6.00	216.75	213.00	1,821	86
Jul	218.25	+6.00	218.25	218.00	344	14
[illegible]	[illegible]	+6.00	-	-	43	4
[illegible]					39,[illegible]	2,166

COFFEE (ICO) (US cents/pound)

Jul 29		Prev. day
Comp. daily	[illegible]	183.39
15 day average	190.54	187.84

No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	12.01	+0.25	12.00	12.00	1,4[illegible]	2
Jan	[illegible]	-	-	-	-	-
Mar	11.55	-0.10	-	-	99	-
Total					[illegible]	2

WHITE SUGAR LCE [illegible]

	Sett price	Day's change	High	Low	Open int	Vol
Oct	313.30	-1.00	315.00	312.30	[illegible]	[illegible]
Dec	312.00	-0.90	314.00	312.00	1,676	[illegible]
Mar	312.60	+0.30	314.00	312.70	[illegible]	120
May	312.50	+0.40	-	-	389	-
Aug	[illegible]	+0.80	312.00	311.80	[illegible]	10
Oct	[illegible]	+0.80	-	-	[illegible]	-
Total					[illegible]	[illegible]

SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	70.350	+1.500	70.350	68.700	21,898	5,686
Oct	73.225	+1.500	73.225	71.800	28,863	4,702
[illegible]	71.800	+1.100	71.850	[illegible]	[illegible]	[illegible]
Feb	70.850	+1.175	70.875	69.675	9,776	845
Apr	71.900	+0.925	71.950	71.000	5,428	172
[illegible]	68.825	+1.000	68.850	67.850	1,272	71
Total					[illegible]	13,282

LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	46.225	[illegible]	46.400	46.100	5,046	[illegible]
[illegible]	42.075	[illegible]	42.325	41.850	12,347	2,882
Dec	41.700	-0.025	41.750	41.425	5,037	828
Feb	40.875	[illegible]	[illegible]	40.750	1,656	134
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	83
Jun	44.900	-	44.700	44.380	434	37
Total					[illegible]	[illegible]

PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	[illegible]	[illegible]	38.650	[illegible]	[illegible]	[illegible]
Feb	[illegible]	-0.975	43.950	42.700	[illegible]	[illegible]
Mar	42.700	-1.025	43.750	42.600	275	[illegible]
May	43.600	-0.500	44.600	43.700	44	4
Jul	[illegible]	-1.050	44.500	44.450	34	5
Aug	43.400	-	-	-	6	2
[illegible]					7,698	2,634

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
ALUMINIUM (99.7%) LME	[illegible]	[illegible]	[illegible]	[illegible]
1425	66	100	24	78
1450	[illegible]	86	34	53
1475	32	[illegible]	47	34
[illegible] (Grade A) LME	[illegible]	[illegible]	[illegible]	Dec
2400	[illegible]	111	[illegible]	95
2450	63	86	72	122
2500	[illegible]	69	103	151
COFFEE LCE	Sep	Nov	Sep	Nov
3600	116	375	181	482
3650	97	369	213	516
3700	82	343	246	550
[illegible]	[illegible]	Dec	[illegible]	[illegible]
1000	106	149	2	39
1050	66	117	10	[illegible]
[illegible]	34	90	26	[illegible]
BRENT CRUDE IPE	Sep	Oct	[illegible]	Oct
1700	-	-	1	6
[illegible]	[illegible]	147	1	6
[illegible]	[illegible]	132	4	10

LONDON SPOT MARKETS

CRUDE OIL FOB (per barrel/Sep)

[illegible]

OIL PRODUCTS NWE prompt delivery CIF (tonne)

[illegible]

OTHER

[illegible]

[illegible]

The Tea Broker's Association reports, good general demand. Bright and good medium East Africans saw keen competition at fully firm to often dearer rates, but plainer Africans were irregularly easier. Selected brighter ceylons often advanced, others were irregular with plainer sorts difficult of sale by the close. Kenyas were sought after at dearer rates and ceylons came to a firm market. Quotations: best available 168p/kg, nom, good 166p/kg, medium 121p/kg, low medium 84p/kg. The highest price realised this week was 176p for a Kenya pd.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

REUTERS (Base: 18/9/31=100)

[illegible]

CRB Futures (Base: 4/9/56=100)

[illegible]

CROSSWORD

No.8,521 Set by DANTE

ACROSS
1 Sent off letters to the editor (6)
4 Breaks one's journey and doesn't go on (5,3)
9 Standard text-book for a senior lecturer (6)
10 Italian man of affairs (8)
12 Mother will hang about and waste a doctor's time (8)
13 About to let it stand outside, in the way (6)
15 Expensive address (4)
16 Stream of notes by Handel? (5,5)
19 Not altogether how 1 down is built (3,2,1,5)
20 Game unsuitable for women (4)
23 Loiter, perhaps – but he's unlikely to (6)
25 Confirms what Goldilocks found (5,3)
27 Vulgar fractions [illegible] described (8)
28 [illegible] in order (6)
29 Not a sound to arouse one's interest? (4,4)
30 People mending pipes? (6)

DOWN
1 Way of selling established in ancient times (7)
2 This may mean extra work (5,4)
3 Players ordered off (6)
5 Once popular means of riding a rising market (4)
6 Ghosts from Hampton's ruins (8)
7 Gas – a lightweight one (5)
8 With foreign money about it turns wild with excitement (7)
11 Figure new dance is without zest (7)
14 Did he love to swim? Just the opposite! (7)
17 In manoeuvres use escort to head off at sea (3,6)
18 Dates and removes (5,3)
19 Lacking test experience, I run Ted out (7)
21 Collects the rags for recycling (7)
22 Remain perfectly still and go cold all over (6)
24 Drive for mile trip round pit-head [illegible]
26 List of courses for chaps at university (4)

Solution to Saturday's prize puzzle on Saturday August 13.
Solution to yesterday's prize puzzle on Monday August 15.

LONDON STOCK EXCHANGE

MARKET REPORT

Shares recover as interest rate worries recede

By Terry Byland, UK Stock Market Editor

The return to existing interest rates in the London money market restored calm in the UK stock market yesterday, enabling the FT-SE 100 Index to recoup Friday's fall. It was a cautious session, at first, until the US dollar rallied from the initial loss which greeted news that the US had launched trade sanction proceedings against Japan.

At the close, when the Dow Industrial Average was also forging higher, the FT-SE 100 Index was 14.8 up at 3,097.4. There was some underlying nervousness ahead of publication today of the Bank of England's Quarterly Bulletin, which is expected to provide further insight into the Bank's views on inflation prospects for the UK economy. Little heed was paid to the disclosure of a slight slowdown in domestic M0 money supply.

Equities opened slowly, gathering confidence as short-dated gilts improved and sterling lost some of the gains achieved on Friday when a rise in base rates had appeared on the cards. The market turned quickly, however, when stock index futures opened higher. The upturn was confirmed when the Bank of England provided money market assistance at established rates, implying that base rates will stay at 5.25 per cent, at least for the time being. Equity strategists agree that base rates are likely to rise before the end of the year but forecasters were unsettled by the Bank's actions on Friday.

[illegible] easing off the top at midsession as London waited to see how Wall Street would react to the trade sanctions move against Japan, the UK market turned higher again as the dollar rallied. The Dow Average, untroubled by a slight rise in the US Purchasing Managers Index in July, showed a gain of 10 points in UK hours. The Footsie closed within a whisker of the day's best, with 3,100 again close at hand.

The focus on the blue chips and Footsie futures-listed stocks left the second liners somewhat on the sidelines. At 3,641.4, the FT-SE Mid 250 Index put on only 1.2 points.

Seaq volume of 544.7m shares, against 508.7m on Friday, reflected increased turnover in the second half of the session as the market regained confidence. Business in non-Footsie stocks made up just under 60 per cent of the day's total volume. On Friday, retail, or customer, business at £1.18bn was unexciting, indicating that base rate concern did not prompt any great rush out of equities.

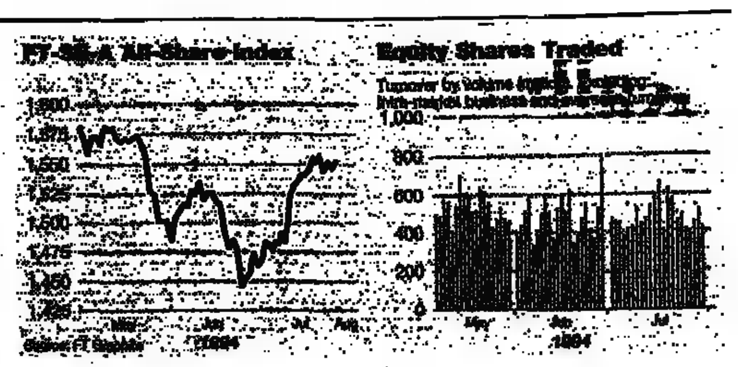
There was support for Shell Transport and RTZ, benefiting respectively from strength in oil and metals prices. Other dollar stocks were subdued at first by uncertainty in the US currency but gained ground towards the close. Pharmaceuticals stocks, in particular, continued to find selective support from the international fund managers, and dealers said that institutional activity had reached satisfactory levels by the end of the session.

Consumer stocks recovered from the shock suffered on interest rate [illegible] but [illegible] progress. Interest in the media and similar service sectors was subdued.

The focus remained on the speculative sector, with shares in Wm Low, the Scottish supermarket group, continuing to signal market expectations that the Tesco directors will sanction a higher bid in an attempt to drive J. Sainsbury off.

The banking sector, experiencing its half-term reporting [illegible] showed mixed movements, with Lloyds Bank still overshadowed by Friday's trading statement. Abbey National, the housing and banking group which reported yesterday, turned lower as analysts expressed some caution over the housing finance results.

Across the broader range of industrial stocks, it was the capital goods and engineering sectors which performed best as the market turned its attention back towards the progress of recovery in the UK.



Key Indicators

Indices and ratios

FT-SE 100	3097.4	+14.8	FT Ordinary index	2405.9	+16.0
FT-SE Mid 250	3641.4	+1.2	FT-SE-A Non Fins p/e	19.49	(19.41)
FT-SE-A 350	1563.6	[illegible]	FT-SE100 Fut Sep	3108.0	+13.0
FT-SE-A All-Share	1551.22	+5.48	10 yr Gilt yield	8.61	(8.62)
FT-SE-A All-Share yield	3.83	(3.83)	Long gilt/equity yld ratio:	2.25	(2.27)

Best performing sectors		Worst performing sectors	
1 Extractive Inds	+2.2	1 Water	-1.5
2 Gas Distribution	+2.1	2 Electricity	-1.0
3 Retailers, Food	+1.3	3 Insurance	-0.3
4 Tobacco	+1.1	4 Other Ser & Bus	-0.3
5 Oil Exploration	+1.1	5 Other Financial	-0.3

Move by Tesco awaited

Speculators continued to drive ahead shares in William Low, the Scottish supermarket group, on growing expectations that a counter-bid from Tesco to last week's £210m offer from J. Sainsbury is imminent. Low shares raced up 17 to 340p with turnover at 1.6m.

Many analysts believe Tesco will return to the fray at 350p a share – 125p a share more than its original offer three weeks ago. Sainsbury has offered 305p a share.

[illegible] analysts expressed some concern on the implications of the suggested bid prices for Wm Low. According to NatWest Securities, a Tesco bid at 350p (financed equally by cash and equity) would be earnings dilutive by 0.89 per cent in [illegible], becoming enhancing by 2.67 per cent the year after.

Significantly, at [illegible], the dilution to Tesco's earnings increases to more than 1 per cent, while Sainsbury's are enhanced by 1.52 per cent, suggesting that Sainsbury's staying power at higher [illegible] may be greater than Tesco's.

But Mr Jeremy Allun-Jones at Lehman Brothers said: "[illegible] ations may not count for much if the prize is to be number two in Scotland."

Tesco advanced 5 to 236½p, while Sainsbury appreciated 4½ to 412p.

Wellcome wanted

Wellcome, the UK pharmaceuticals group, forged ahead 14½ to 648p after one of its competitors was obliged to withdraw a key treatment for epilepsy in the US.

Carter-Wallace, of the US, sent a letter to 240,000 doctors [illegible] immediate withdrawal of patients from its Felbatol treatment after the [illegible]. It was one of three new entrants into an estimated $550m market dominated, according to analysts, by cheap generic products, many of which produce side effects.

Wellcome's Lamictal is one of two other new products expected to gain approval shortly from the US Food and Drug Administration.

Although there has been some concern that the FDA is clamping down on new products following restraint on recent applications by SmithKline Beecham and Merck, one analyst said he had spoken to the FDA and was confident that the approval [illegible] would not be slowed down.

The [illegible] figures from Abbey National, the second of the big banking groups to report interim results, saw the share price fall 12 to 385p. The profits of £423m were above expectations but, as with Lloyds Bank, they were increased by a sharp fall in the provisions for bad debts and there was disappointment that Abbey's share of the [illegible] market was less than expected.

The bank also announced an insurance joint venture with Commercial Union, which rose [illegible] on the news but slipped back to close a net [illegible] softer at 548p. The deal is expected to squeeze rival Sun Alliance, which receded [illegible] to 322p as two large blocks of shares were placed in the market.

National Westminster Bank, which reports today, improved 5 to 453p, with a block of 1m shares going through the Seaq system at 451p.

Tobacco and insurance conglomerate BAT Industries was the most heavily traded stock in London as a result of technical trading in the shares and in put options.

A block of 9.5m was traded at 444½p and 9,500 short-dated puts representing 9.5m shares were also sold. Initially, it appeared that the trade might be a way of getting into the shares at 434p, close to the price of the shares after the payment of the 8.5p dividend next week. The stock ended the day 5½ higher at 447p on turnover of 30m, the [illegible] for more than a year.

Mining group RTZ jumped 21½ to 884p on news of increased copper production. There was also talk of a buy recommendation from BZW, but the house was [illegible] for comment late yesterday.

Oil shares rose in early trade as the price of Brent crude was pushed higher on supply worries as a result of the strikes in Nigeria. Brent [illegible] deliverable in September broke above $19 a barrel, its highest level in 15 months. Shell Transport added 7 at 737p, British Petroleum firmed a half-penny but ended a penny down on the day at 411½p as US investors sold into strength ahead of second-quarter figures today.

Retailer WH Smith was the focus for bearish stories which combined to push the shares down 7 to [illegible]. Prominent among these was the suggestion that the newspaper price war may prompt News International and The Telegraph group to consider setting up their own wholesale distribution systems. There was also talk that the newspaper industry was considering putting pressure on Smith to reduce its [illegible]. Finally, VAT [illegible] also circulating, further undermining the Smith share price. The move by the Independent newspaper to cut its [illegible] price to [illegible], the same level as the Telegraph, ruffled feathers among publishing stocks. Telegraph shares slipped 3 to [illegible].

Suggestions that motor dealer T. Cowie may announce a lucrative deal together with today's interim figures helped the shares harden 4½ to 268p. Hopes of an important order also kept GKN 2 ahead at [illegible].

A broker's recommendation powered engineering group Glynwed International, the shares firming 3 to 377p. NatWest Securities said: "As the recovery in the UK continues to gather [illegible] and profits growth outstrips that of the market in [illegible] there is plenty of scope for further outperformance."

Conglomerate Harrisons & Crosfield gained 7 to 179p as the market appreciated the group's £167m sale of its Indonesian plantations, announced late on Friday.

Analysts at BZW, which remains neutral on the stock, welcomed the deal, saying Harrisons had received a better price than anticipated. In addition, they said the deal was not as dilutive of share earnings as originally [illegible] and had [illegible] tax implications for the company.

A buy recommendation from Goldman Sachs helped Trafalgar House firm 2½ to 80p. There was good demand for Channel tunnel operator Eurotunnel, which has [illegible] approval for a provisional licence to operate a limited passenger service. The shares rose 15 to [illegible].

Construction group Ashtead jumped 21 to 353p after announcing a 150 per cent full-year profits increase to £7.1m. RMC gained 6 at 958p as Kleinwort Benson upgraded its profits forecast for 1996. Chemicals group Wolstenholme Rink climbed 20 to 723p, reflecting demand in a week market.

MARKET REPORTERS: Peter John, Joel [illegible], [illegible] Price, Saqib Qureshi.

■ Other statistics, Page 20

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (59).

BREWERIES (1) Holt (J), BLDG MATLS & MCHTS (2) Grafton, Shaw (A), CHEMICALS (3) Inspec, Wolstenholme Rink, DIVERSIFIED INDLS (1) Sime Darby, ELECTRNC & ELECT EQUP (3) Ericsson (LM), Scholes, Unitech, ENGINEERING (2) Castings, Renold, EXTRACTIVE INDS (6) Anglo Am Coal, Boulder Gold, Coal Inv Wts, Impala Plat, Sons Gwalia, HOUSEHOLD GOODS (1) Royal Doulton, INVESTMENT TRUSTS (3) Gartmore Atlas Secs Zero Prf., Jupiter Intl Green, LEISURE & HOTELS (1) Ramsden's (H), MEDIA (2) Dorling Kindersley, Metro Radio, OIL EXPLORATION & PROD (1) Crusader, OTHER FINANCIAL (1) EFT, OTHER SERVS & BUSNS (1) G2 Southern, RETAILERS, FOOD (3) Greggs, Low (Wm), Morrison (Wm) Prf., RETAILERS, GENERAL (3) Blacks Leisure, Burn, House of Fraser, SPIRITS, WINES & CIDERS (1) Macdonald Martin 'A', SUPPORT SERVS (1) [illegible]

NEW LOWS (49).

GILTS (1) Treasury 12½pc Ln 1995, BUILDING & CNSTRN (6) Andrews Sykes, Eve, Higgs & Hill, Raine 10p, Try Homes, Try, ELECTRNC & ELECT EQUP (3) CRS Data Res, Industrial Control Servs, Telemetrix, Tunstall, Vtech, ENGINEERING (4) EIS, Hay (N), MS Intarni, Proteon, EXTRACTIVE INDS (1) Precious Metals Australia, FOOD MANUF (1) Usborne, HEALTH CARE (1) Court Cavendish, HOUSEHOLD GOODS (2) Relyon, Tomkinsons, INSURANCE (1) PWS, INVESTMENT TRUSTS (1) M & G Dual [illegible] INVESTMENT COMPANIES (1) Spanish Smaller Co's, LEISURE & HOTELS (1) Prism Leisure, LIFE ASSURANCE (2) Lincoln National, Trans B 6pc Pf, MEDIA (2) Blenheim 6.4pc Pf, Sphere Inv. Tst Wrnts, OTHER SERVS & BUSNS (1) Rodime, PHARMACEUTICALS (1) Huntingdon Intl., PRTNG, PAPER & PACKG (3) Delyn, Waco 8pc Pf., Waddington (J), PROPERTY (2) English & Overseas Props., Peel, SUPPORT SERVS (3) Macro 4, Penna, Sungard Data, TEXTILES & APPAREL (5) Allied Textile, Atkins, Gent (S.R.), Sirdar, AMERICANS (1) Malvy Tech, Whirlpool, CANADIANS (1) Hudson's Bay.

EQUITY FUTURES AND OPTIONS TRADING

A large deal in the traded options sector was the only outstanding feature in an otherwise dull day in the derivatives, *writes Joel Kibazo.*

In traded options, the day's big trade was carried out in BAT Industries stock options. Kleinwort Benson was said to have sold 9,500 of the August 550 puts to Smith New Court at 116p. Dealers suggested that the deal had been timed to coincide with next week's dividend payout in BAT.

That trade helped to raise total volume in the sector to 27,320 contracts by the close. Some 5,378 were dealt in the FT-SE 100 option and 3,595 in the Euro FT-SE option. Among the other stock options, RTZ saw b[illegible] of 1,279 lots and 1,078 were traded in Asda.

In futures, dealers also *reported a cautious session*, with few of the big institutions willing to deal.

Having opened at 3,090, the September futures contract on the FT-SE 100 moved [illegible] on sporadic buying by [illegible] (local) traders and some buying from UBS. It reached the day's high of 3,119 at mid-morning, before profit-taking left it trading around the 3,100 over the next few hours.

A firm opening on Wall Street brought a renewed [illegible] for the [illegible] and it finished at 3,108, up 13 from its previous close and at a good premium to cash of 11 points. Volume, at 7,398 lots, was poor.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point [illegible]

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

■ FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

FT - SE Actuaries Share Indices — The UK Series

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	49	11	11
Other Fixed Interest	[illegible]	0	15
Mineral Extraction	[illegible]	[illegible]	78
General Manufacturers	180	[illegible]	392
Consumer Goods	67	[illegible]	[illegible]
Services	68	[illegible]	349
Utilities	9	[illegible]	7
Financials	[illegible]	[illegible]	[illegible]
Investment Trusts	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's
Toronto-Dom		9¾	-⅛	11⅝	9¼	2,687	4.0
Trans Can Pipe	♥	7¼	-⅛	10⅛	7¼	1,442	4.9

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£27	—	£27½	£13½	1,780	2.7	19.7
Barlow	Z	641½	—	684	524½	833.8	0.7	–
Gold Flds Prop R		112	-1	123	76	11.5	6.8	6.9
MK Props.		85	—	95	85	3.42	10.5	34.9
SASOL	♥	394	-7	409	280	2,239	3.5	–
SA Brews		£12⅛	-⅛	£15⅛	£10	3,361	2.3	19.8
Tiger Oats	†	613	—	638	588	921.8	2.6	12.9
Tongaat-Hulett		661	-6	*739½	427½	617.2	2.3	19.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those [illegible] the FT-SE [illegible] Share Indices.

Closing mid-prices are shown in pence unless [illegible] stated. Highs [illegible] lows are based on intra-day mid- prices.

Where stocks are denominated in currencies [illegible] than sterling, this is indicated after the name.

Symbols relating to dividend status [illegible] the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is [illegible] separately [illegible] line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, [illegible] for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

This service [illegible] available to companies whose shares are regularly traded in the United Kingdom [illegible] fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company [illegible] with ♣. Please quote the code FT2972. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 [illegible] or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 071-873 4378 (+44 71 87[illegible] international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

[illegible]planatory notes are contained in [illegible] column of the [illegible]aged Funds Service

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd - Contd.

Abbey Life Assurance Co Ltd - Contd.

Century Life Plc

6 Old Bailey, London EC4M 7BA 071-332 5000

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Friends Provident

Castle Street, Salisbury, Wilts SP1 3SH.

Irish Life Assurance Co Plc - Contd.

M & G Life and M & G Pensions - Contd.

Norwich Union Life Insurance Soc.

Prudential Corporate Pension Funds - Contd.

Abbey National Life Plc

Acuma Life Assurance Ltd

Woolwich Unit Trust Managers Ltd

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Life Investments

19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	221.6	233.3	+0.1	-
UK Equity	344.3	362.5	+1.2	-
American	241.8	254.6	+0.6	-
Pacific	381.2	401.4	+5.4	-
European	485.1	510.7	+5.7	-
International	315.7	331.8	+2.6	-
Fixed Interest	225.4	237.4	+2.3	-
Index Linked	184.2	194.0	+0.4	-
Deposit	192.0	202.2	-	-
Managed	282.7	297.7	+1.5	-
Worldwide	123.6	130.1	+0.5	-
With Profits Pens.	92.7	97.7	+0.1	-
Pens. Property	259.9	273.7	+0.1	-
Pens. UK Equity	412.7	434.5	+1.7	-
Pens. American	269.4	283.7	+1.0	-
Pens. Pacific	442.5	465.9	[illegible]	-
Pens. European	587.0	618.0	[illegible]	-
Pens International	374.2	394.0	[illegible]	-
Pens. Fixed Int	284.7	299.8	[illegible]	-
Pens. Index Linked	200.7	211.3	[illegible]	-
Pens. Deposit	258.5	272.2	[illegible]	-
Pens. Managed	341.0	359.0	[illegible]	-
Pens. Worldwide	131.6	138.5	[illegible]	-

Scottish Mutual Assurance plc

109 St Vincent St, Glasgow 041-248 6321

[illegible]

Sun Alliance Group - Contd.

[illegible]

CMI Insurance Co Ltd - Contd.

[illegible]

Century Life International Ltd

[illegible]

Scottish Provident Intl Life Ass Ltd - Contd.

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help [illegible] (071) 873 4378 for more details.

Warburg Asset Management Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Foreign & Colonial Emerging Markets Ltd (z)

S.G. Warburg Asset Mngmt Lux SA - Contd.

LUXEMBOURG (REGULATED)(**)

HSBC NAFT Luxembourg SA

Unico Financial Services SA Lux

OTHER OFFSHORE FUNDS

The Environmental Investment Co Ltd

Jardine Fleming Unit Trusts Ltd - Contd.

Putnam Emerging Funds Ltd

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

UK rate fears subside

Fears of an imminent rise in [illegible] interest [illegible] yesterday proved unfounded as the Bank [illegible] England dealt at established rates in its daily money market operations, *writes Philip Gawith.*

The dominant view in the market now [illegible] that a [illegible] was taken at [illegible] week's monthly monetary meeting not to raise rates.

There remains, however, a great deal of [illegible] and uncertainty. The September short sterling contract closed [illegible] 94.08, [illegible]ting that the market is looking for [illegible] term [illegible] to [illegible] per [illegible] when the [illegible] expires on September 21.

Rates also remained firm in the cash market with three month money offered [illegible] per cent.

The last [illegible] interest rates – the 25 basis point cut in February – also coincided with the publication of the quarterly inflation report, which is again [illegible] today.

The gloomy prognosis that the pound would be heavily sold if policy was not tightened proved unfounded. Sterling gave up all the gains it made [illegible] Friday, but [illegible] fairly steady throughout the day [illegible] finished in London at DM2.4221 [illegible] DM2.4413 on Friday.

Against [illegible] it was barely changed at [illegible] from [illegible] on Friday.

The dollar [illegible] up fairly [illegible] despite [illegible] launching [illegible] proceedings against Japan. It finished slightly lower against [illegible] D-Mark [illegible] DM1.5743 from [illegible] on Friday. Against [illegible] it [illegible] from Y100.175 on Friday.

■ The balance [illegible] opinion in UK [illegible] remained that the Bank of England had mishandled the Treasury bill [illegible] Friday. [illegible] was also [illegible] admit that [illegible] market had [illegible] insufficiently [illegible] the [illegible] the Bank was trying to send.

The Bank clearly signalled its intentions yesterday when it offered [illegible] early round of [illegible] declaring [illegible] £1.1bn market shortage. The forecast was later revised to a £900m shortage, and [illegible] Bank provided £893m assistance.

Analysts said that it was Bank convention to offer an early round of assistance if the shortage [illegible] greater than £1bn. [illegible] kept the market in [illegible] by forecasting [illegible] lower shortage and then delaying when it first [illegible]

Although last Friday's flurry [illegible] has [illegible] largely subsided, [illegible] is anxiety that this Friday's Treasury bill ten[illegible] will [illegible] repeat perfor[illegible]

Mr Richard Phillips, analyst [illegible] GNI, said: "The sig[illegible] they are trying to [illegible] that [illegible] Treasury bill tender [illegible] instrument of monetary policy. But I [illegible] that the market [illegible] getting [illegible] message."

[illegible] shown by [illegible] month sterling LIBOR [illegible] staying at 5.75 per cent, and the poor performance of short sterling. Although [illegible] Septem[illegible] 13 [illegible] points firmer at 94.08, [illegible] said they had expected it to [illegible] closer to 94.20. The [illegible] improved marginally to finish [illegible] 93.30 from 93.27.

[illegible] in [illegible] market were fairly good – the September [illegible] 28,371 [illegible] and [illegible] – but [illegible] long [illegible] Friday's [illegible] levels.

Mr [illegible] Thomas, head [illegible] research at [illegible] Markets, said [illegible] continued high level [illegible] rates in the money market showed [illegible] things. First, that it was not possible [illegible] the Bank to immediately douse the run-up in interest rate expectations at the end of last week. Second, the market [illegible] that a tightening of policy is inevitable – if not now, then [illegible] least fairly soon.

■ The dollar held up fairly well despite the sanctions announcement. Mr [illegible] Hawkins, [illegible] economist at Bank of America, said the key issue was that the policy of the US administration now seemed [illegible] structured towards [illegible] stronger dollar. He [illegible] mented: "The market [illegible] now happy in the idea that the White House does not want to see [illegible] weaker dollar."

Against this background, Mr Hawkins said "if the authori[illegible] invoke sanctions anyway, they could be seen as an alternati[illegible] to [illegible] strong yen, not [illegible] compliment."

Taking a [illegible] sanguine view was Mr Malcolm Barr, international economist [illegible] Chemical Bank. He [illegible] although [illegible] had been a clear desire between the US and Japan to [illegible] an agreement, the mar[illegible] had [illegible] fully considered the implications of sanctions.

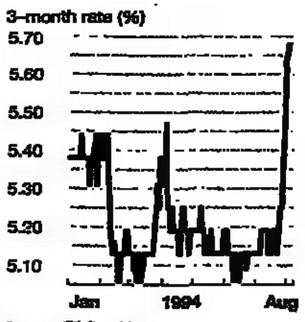
This would [illegible] certainly involve the repatriation of funds by Japanese [illegible] US, [illegible] negative implications [illegible] for [illegible] and the [illegible]

■ The D-Mark was fairly firm [illegible] Europe, though [illegible] mostly [illegible]. The [illegible] remained weak against a background of political uncertainty in Italy. The currency finished at L1,003, off [illegible] low for the day of L1,008.75.

German call money rates fell back to [illegible] per cent from 5.50/5.75 per cent on Friday. Banks [illegible] the [illegible] liquidity [illegible] had [illegible] been as [illegible] as in recent months. The repo [illegible] currently [illegible]

Sterling Interbank

3-month rate (%)



Source: FT Graphite

■ Pound in New York

Aug 1	Latest	Prev. close
£ spot	1.5400	1.5440
1 mth	1.5387	1.5426
3 mth	1.5368	1.5397
1 yr	1.5260	1.5280

■ OTHER CURRENCIES

Aug 1	£	$
Hungary	[illegible]	101.440 - 101.540
Iran	[illegible]	1749.00 - 1750.00
[illegible]	0.4578 - 0.4587	[illegible]
Poland	[illegible]	22800.0 - [illegible]
Russia	[illegible] - 3164.90	2053.00 - 2057.00
U.A.E.	[illegible] - 5.6504	[illegible]

POUND SPOT FORWARD AGAINST THE POUND

Aug 1		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	[illegible]	17.0510	-0.1177	444 - 578	17.3911	17.3444	17.0487	0.3	17.0348	0.4	-	-	115.1
Belgium	(BFr)	[illegible]	-0.3885	409 - 726	[illegible]	[illegible]	49.8667	[illegible]	49.8917	-0.3	49.4967	0.7	116.5
Denmark	(DKr)	9.5450	-0.0509	419 - 481	[illegible]	9.5419	9.552	-0.9	[illegible]	[illegible]	[illegible]	-0.7	116.6
Finland	(FM)	7.9817	-0.0535	727 - 907	[illegible]	7.9727	-	-	-	-	-	-	82.6
[illegible]	(FFr)	8.2795	[illegible]	764 - 826	[illegible]	8.2764	[illegible]	[illegible]	[illegible]	0.1	[illegible]	0.6	[illegible]
[illegible]	[illegible]	2.4221	[illegible]	213 - 228	[illegible]	[illegible]	[illegible]	0.4	2.418	0.7	2.3867	1.5	[illegible]
[illegible]	(Dr)	366.098	-2.29	654 - 542	372.289	365.654	-	-	-	-	-	-	-
[illegible]	(I£)	1.0059	-0.0085	052 - 065	1.0197	1.0052	1.0058	0.1	1.0058	0.0	[illegible]	0.0	[illegible]
Italy	(L)	[illegible]	[illegible]	844 - 978	2480.71	2428.44	[illegible]	-3.4	2446.81	-2.9	2486.06	-2.8	75.6
Luxembourg	(LFr)	49.8587	[illegible]	409 - 725	50.5340	49.8409	[illegible]	-0.2	49.8317	-0.3	[illegible]	0.7	116.5
Netherlands	(Fl)	2.7179	[illegible]	166 - 191	2.7645	[illegible]	2.7167	[illegible]	2.7132	0.7	2.6814	1.3	120.4
Norway	(NKr)	[illegible]	-0.0613	814 - 879	[illegible]	[illegible]	10.5817	[illegible]	10.5922	-0.3	10.5782	0.1	86.4
Portugal	(Es)	[illegible]	-1.754	126 - 516	[illegible]	[illegible]	248.052	-8.4	[illegible]	[illegible]	-	-	-
[illegible]	(Pta)	199.342	-1.216	271 - [illegible]	[illegible]	199.271	[illegible]	-3.1	[illegible]	-2.4	[illegible]	-1.7	88.3
Sweden	[illegible]	[illegible]	[illegible]	[illegible] - 122	12.0243	11.8968	[illegible]	[illegible]	[illegible]	-2.4	12.197	[illegible]	[illegible]
Switzerland	(SFr)	2.0467	[illegible]	459 - 474	[illegible]	2.0459	2.0447	1.1	2.04	1.3	2.0075	1.9	120.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.0
Ecu	-	1.2674	-0.0075	666 - 681	1.2864	1.2668	[illegible]	-0.5	1.2684	-0.3	1.2698	-0.2	-
SDR†	-	0.945600	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5368	[illegible]	365 - 371	1.5506	[illegible]	-	-	-	-	-	-	-
Brazil	[illegible]	1.4278	[illegible]	260 - 295	1.4474	[illegible]	-	-	-	-	-	-	-
Canada	(C$)	2.1355	[illegible]	347 - 362	2.1526	2.1347	[illegible]	0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mexico	(New Peso)	[illegible]	+0.0034	233 - 335	5.2723	5.2233	-	-	-	-	-	-	-
USA	($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.5373	1.0	1.5352	[illegible]	[illegible]	[illegible]	63.2
Pacific/Middle East/Africa													
Australia	(A$)	2.0872	[illegible]	861 - 882	2.1057	[illegible]	[illegible]	[illegible]	[illegible]	-0.2	2.1067	-0.9	-
Hong Kong	[illegible]	[illegible]	+0.015	[illegible] - 882	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.2	[illegible]	0.0	-
India	(Rs)	[illegible]	[illegible]	488 - 760	48.6980	48.2483	-	-	-	-	-	-	-
Japan	(Y)	[illegible]	[illegible]	984 - 187	153.370	151.984	151.616	3.7	150.746	3.5	146.041	4.0	191.2
[illegible]	[illegible]	[illegible]	[illegible]	885 - [illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
New Zealand	(NZ$)	[illegible]	[illegible]	511 - 540	[illegible]	[illegible]	2.5565	-1.6	2.5643	-1.6	2.5868	-1.3	-
Philippines	(Peso)	[illegible]	[illegible]	111 - 398	41.2398	40.6111	-	-	-	-	-	-	-
Saudi Arabia	(SR)	[illegible]	+0.0074	689 - 714	5.8222	5.7689	-	-	-	-	-	-	-
Singapore	(S$)	2.3183	-0.0037	171 - 194	2.3451	2.3171	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6184	-0.0323	163 - 205	5.7023	5.6163	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	[illegible]	[illegible]	[illegible]	7.2137	7.0933	-	-	-	-	-	-	-
South Korea	(Won)	1234.84	+1.45	449 - 519	1246.04	1234.49	-	-	-	-	-	-	-
Taiwan	(T$)	40.8347	-0.0114	265 - 428	41.2367	40.8880	-	-	-	-	-	-	-
Thailand	(Bt)	38.4022	-0.0577	806 - 238	38.4238	38.3806	-	-	-	-	-	-	-

†SDR rate for Jul 29. Bid/[illegible] spreads in the Pound Spot [illegible] show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current [illegible] rates. Sterling index [illegible] the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 1		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
[illegible]	(Sch)	11.0825	-0.091	800 - 850	11.0950	11.0485	11.0828	0.0	11.0778	0.2	11.0025	0.7	104.0
[illegible]	(BFr)	32.4050	-0.295	000 - 100	32.6500	32.2550	32.425	-0.7	32.455	-0.6	32.47	-0.2	105.5
[illegible]	(DKr)	6.2039	-0.0412	029 - 049	6.2190	6.1713	6.2109	-1.4	6.2234	-1.3	6.2589	-0.9	104.9
Finland	(FM)	5.1878	-0.0416	828 - 928	5.2125	5.1708	5.1913	-0.8	5.1968	-0.7	5.2383	-1.0	77.1
[illegible]	(FFr)	5.3814	-0.0469	802 - 825	5.3990	5.3577	5.3864	-1.1	5.3919	-0.8	5.3661	0.3	106.1
[illegible]	(D)	1.5743	-0.0145	740 - 745	1.5775	1.5635	1.5751	-0.6	1.5751	-0.2	1.5658	0.5	[illegible]
Greece	(Dr)	237.950	-1.8	700 - 200	238.300	237.600	238.34	-2.0	239.125	-2.0	242.45	-1.9	[illegible]
Ireland	(I£)	1.5297	+0.0148	289 - 304	1.5326	1.5240	1.5283	1.1	1.5261	0.9	1.5149	1.0	-
[illegible]	[illegible]	1578.83	-10.9	865 - 901	1583.75	1577.70	1584.58	-4.4	1593.68	-3.8	1637.33	-3.7	78.1

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

UK INTEREST RATES

LONDON MONEY RATES

EMS EUROPEAN CURRENCY UNIT RATES

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9400	0.23	[illegible]	0.08	[illegible]	0.80	1.35
9425	0.11	0.06	0.05	0.28	1.01	1.57
9450	[illegible]	[illegible]	0.03	0.46	1.23	1.80

Est. vol. total, Calls 6627 Puts 17306. Previous day's open int., Calls 261352 Puts 232083

BASE LENDING RATES

	%
Adam & Company	5.25
Allied Trust Bank	5.25
AIB Bank	5.25
●Henry Ansbacher	5.25
Bank of Baroda	5.25
Banco Bilbao Vizcaya	5.25
Bank of Cyprus	5.25
Bank of Ireland	5.25
Bank of India	5.25
Bank of Scotland	5.25
Barclays Bank	5.25
Brit Bk of Mid East	5.25
●Brown Shipley & Co Ltd	5.25
CL Bank Nederland	5.25
Citibank NA	5.25
Clydesdale Bank	5.25
The Co-operative Bank	5.25
Coutts & Co	5.25
Credit Lyonnais	5.25
Cyprus Popular Bank	5.25
Duncan Lawrie	5.25
Exeter Bank Limited	6.25
Financial & Gen Bank	6
●Robert Fleming & Co	5.25
Girobank	5.25
●Guinness Mahon	5.25
Habib Bank AG Zurich	5.25
●Hambros Bank	5.25
Heritable & Gen Inv Bk	5.25
●Hill Samuel	5.25
C. Hoare & Co	5.25
Hongkong & Shanghai	5.25
Julian Hodge Bank	5.25
●Leopold Joseph & Sons	5.25
Lloyds Bank	5.25
Meghraj Bank Ltd	5.25
Midland Bank	5.25
* Mount Banking	6
NatWestminster	5.25
●Rea Brothers	5.25
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Royal Bk of Scotland	5.25
●Smith & Williamson Secs	5.25
TSB	5.25
●United Bk of Kuwait	5.25
Unity Trust Bank Plc	5.25
Western Trust	5.25
Whiteaway Laidlaw	5.25
Yorkshire Bank	5.25

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

مكتبة الأسد

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, August 1, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Hvy	5.8m	791	+14	Matsushita	3.4m	1650	+10
Isuzu Motors	4.8m	495	-3	Toshiba	3.0m	747	+14
Nissan Motor	4.2m	775	+5	Hitachi	2.7m	969	+4
Sumitomo Mtl	3.8m	301	+4	Mitsubishi Oil	2.1m	1160	
Kumagai Gumi	3.8m	541	+15	Nippon Steel	1.8m	336	+2

INDICES

US INDICES

■ RATIOS

	Jul 29	Jul 22	Jul 15	Year ago
Dow Jones Ind. Div. Yield	2.72	2.74	2.71	2.88
	Jul 27	Jul 20	Jul 13	Year ago
S & P Ind. Div. yield	2.45	2.48	2.47	2.55
S & P Ind. P/E ratio	23.13	23.07	22.83	25.08

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	458.45	458.10	-0.80	458.45	457.55	73,558	198,153
Dec	-	461.35	-	-	-	1,293	14,125
Mar	-	464.70	-	-	-	175	2,930

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	4,051,000	60¼	+1
Ford Motor	3,112,700	31¼	+⅜
Compaq	3,045,600	31¾	+⅞
Gen Motor	2,888,700	51⅝	+1⅛
Pepsico	2,638,200	30½	+⅜
Gen Elec	2,389,900	50¾	+⅞
Motorola	2,381,000	53¼	+1⅞
Round Rbh	2,237,500	32⅜	-2⅜
McDonald	2,133,400	27⅞	+⅜
[illegible] Co	2,056,200	10⅝	-⅞

■ TRADING ACTIVITY

● Volume (million)

	Jul 29	Jul 28	Jul 27
New York SE	289.538	245.993	251.853
Amex	15.393	16.441	13.182
NASDAQ	274.501	241.031	247.124
NYSE			
Issues Traded	2,867	2,842	2,828
Rises	2,529	1,079	877
Falls	614	999	1,254
Unchanged	824	764	695
New Highs	45	33	20
New Lows	44	60	58

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Aug	2084.0	2077.0	-11.0	2092.0	2081.0	-	22,640
Sep	2093.0	2085.0	-11.0	2095.0	2084.0	116	27,079
Dec	2122.0	2114.0	-11.0	2122.0	2122.0	1	7,873

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close August 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

هكذا في الأصل

4 pm close August 1

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4 pm close August 1

[illegible]

AMEX COMPOSITE PRICES

4 pm close August 1

[illegible]

FINANCIAL TIMES

Tuesday August 2 1994

AMERICA

Equities defy downturn in bond prices

Wall Street

US share prices moved higher yesterday morning as Friday's bullishness carried over to the new week in spite of a weaker tone in the bond market, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 10.36 higher at 3,774.86, while the more broadly based Standard & Poor's 500 was 1.48 ahead at 459.74. Volume on the Big Board was modest, with 148m shares traded by early afternoon.

In the secondary markets, the American SE composite added 1.31 at 439.00, and the Nasdaq composite was 2.29 firmer at 724.45.

Looking back on a corporate results season which brought news of strong earnings and continued profitability, equity investors were in a buoyant mood as the trading week commenced. Share prices opened higher and held on to their gains even although the day's economic data may have rekindled fears over interest rates.

Such concerns, quelled only on Friday by favourable data on second-quarter economic growth, resurfaced with the release of the monthly survey of business conditions conducted by the National Association of Purchasing Management. Its overall index for July inched forward, defying expectations of a decline. The report also contradicted last week's data by showing that business inventories had climbed.

The news pushed bond prices down, though the losses were modest. However, equity investors displayed a marked independence.

Cyclical issues again led the advance. General Motors climbed $1 to $52⅝, Caterpillar added $1 to $109⅝ and United Technologies gained $1⅛ to $61⅝.

Steel issues gathered strength on speculation that Chrysler was willing to pay a 10 per cent price increase to its leading suppliers. Inland Steel was $2⅛ higher at $40⅛. National Steel gained $1⅝ to $21½ and USX-US Steel was up $1⅝ at $38⅝.

The day's big loser was Carter Wallace, whose shares lost 35 per cent of their value after the company recommended that doctors stop prescribing its Felbatol treatment for seizures. The stock was down $5½ at $10⅛.

CBS's share price appreciated on renewed speculation over its future. The stock gained $4 to $316 after Mr Ted Turner, owner of the Cable News Network, told reporters that he was interested in acquiring the media group.

Technology stocks were mixed. Motorola shed $⅝ to $52¼ on news of a 38 per cent drop in prices for its digital access equipment. But shares in Compaq Computer, which have been in sharp decline since May, recouped $1 to $32⅝.

On the Nasdaq, Lotus Development gained $1⅛ to $33⅝ and Microsoft added $1⅛ to $53. However, Cyrix was down $1 at $35.

Toronto was closed for a public holiday

Brazil

São Paulo dropped 1.6 per cent in local currency terms by late morning in light trade, led by a strong sell-off in the telecom sector after news that Telebras was planning a R$320m preferred share subscription.

The Bovespa index was down 697 at 41,316 at 1300 local time in weak volume of R$127.3m ($137.1m).

Telebras preferred declined 2.5 per cent to R$42.79, while the company's common stock was down 3.7 per cent at R$32.65. Lingering rumours about the financial health of some small banks, due to the current liquidity squeeze in the banking system, also weighed on prices.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1994	Start of 1994	Start of 1994
Austria	-0.68	-1.16	+6.56	-8.51	-3.88	-0.17
Belgium	+1.45	+4.73	+8.39	-3.74	+2.46	+6.41
Denmark	-0.39	+4.31	+18.49	+0.79	+5.59	+9.67
Finland	+0.37	+10.93	+41.62	+17.40	+25.18	+30.01
France	+1.71	+9.83	+5.19	-7.71	-3.34	+0.39
Germany	-0.03	+4.58	+13.97	-5.63	-1.74	+2.05
Ireland	-0.88	+9.07	+14.67	-0.69	+2.80	+6.77
Italy	-3.11	+5.58	+22.75	+16.06	+20.34	+24.97
Netherlands	+0.84	+5.60	+13.83	-3.79	+0.98	+4.87
Norway	+1.06	+10.25	+23.88	+6.89	+11.72	+16.03
Spain	+2.05	+5.91	+13.00	-4.85	+0.32	+4.18
Sweden	+0.20	+9.32	+21.55	+4.14	+7.65	+11.80
Switzerland	-0.93	-0.81	+8.76	-11.36	-5.80	-2.16
UK	-0.80	+5.12	+6.14	-9.13	-9.13	-5.63
EUROPE	-0.17	+5.35	+10.02	-6.13	-3.20	+0.54
Australia	+0.40	+4.95	+13.73	-4.30	+0.32	+4.19
Hong Kong	+3.64	+9.75	+38.97	-21.21	-24.11	-21.18
Japan	+0.19	-1.49	-1.07	+12.51	+20.66	+25.34
Malaysia	+3.73	+5.84	+41.82	-20.31	-20.31	-17.24
New Zealand	+0.23	+3.37	+15.68	-6.28	-2.92	+0.82
Singapore	+1.30	+3.73	+29.18	-11.52	-9.29	-5.80
Canada	+0.36	+4.31	+8.99	-1.71	-9.33	-5.84
USA	+1.24	+2.86	+1.67	-1.41	-5.07	-1.41
Mexico	+9.10	+9.56	+42.61	-5.14	-16.58	-13.36
South Africa	+2.03	+4.74	+40.49	+15.49	+2.70	+6.66
WORLD INDEX	+0.66	+2.36	+4.56	+0.22	+1.34	+5.26

† Based on July 29th 1994.

Political influences sent equity markets in Italy and Mexico in opposite directions last week. Italy dropped by 3.1 per cent in local currency terms as the strains on Mr Silvio Berlusconi's government mounted, but Mexico advanced by 9.1 per cent. Of the latter, Foreign & Colonial Emerging Markets said the "explosive rally" was prompted by optimism over second-quarter earnings, sharply lower interest rates and the growing lead in the polls for Mr Ernesto Zedillo, the ruling party's presidential candidate. In the Far East, Hong Kong and Malaysia rose by 3.6 and 3.7 per cent respectively, reflecting the revival in Pacific Basin markets, ex Japan.

EUROPE

Bourses offer limited reaction to peak oil price

Oil prices peaked again in London yesterday, but there was limited reaction in individual oil company share prices on the Continent, *writes Our Markets Staff.* Zurich was closed for a public holiday.

FRANKFURT reported US interest in Volkswagen, and a rise in BASF ahead of the chemical industry's results season, as the Dax index rose 7.15 to 2,153.79, picking up in the post-bourse to end at an Ibis-indicated 2,161.50.

Turnover fell from DM5.3bn to DM4.7bn. "This is a stock picker's market, lacking the liquidity of 1993," said Mr Craig Abbott of the Banque Nationale de Paris team in Frankfurt.

In the automotive sector, VW rose DM5.90 to DM507.90 as BMW fell DM5.50 to DM861.50. Among special, or specialised, industrial situations, Lufthansa put on DM7.50 at DM211.50, PWA DM4.70 at DM235, and SAP 115 at DM3,770. But Mr Abbott said that, in each case, share price moves were probably exaggerated by the lack of liquidity.

There was a more studied look about the gains of DM4.10 to DM320.50 in BASF, and DM2.70 to DM363.50 in Bayer. BASF was regarded as the purest bulk chemicals play in the German market, while Bayer fans were subdued a little by worrying developments in US pharmaceuticals.

FT-SE Actuaries Share Indices

Aug 1 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1388.49	1390.40	1390.74	1388.74	1388.57	1389.88	1389.91	1390.30
FT-SE Eurotrack 200	1423.46	1423.86	1422.23	1422.47	1422.07	1423.10	1423.72	1421.34

	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25
FT-SE Eurotrack 100	1387.98	1372.12	1370.08	1381.70	1384.65
FT-SE Eurotrack 200	1415.01	1410.54	1409.88	1424.29	1421.38

Base 1000 (26/10/90); Highday: 100 - 1391.88; 200 - 1424.47 Lowday: 100 - [illegible] 200 - 1421.24

PARIS saw low volume, little obvious reaction to the oil price and, in chemicals, mild trepidation instead of excitement about the Rhône Poulenc first-half results expected on Thursday.

The CAC-40 index fell 5.41 to 2,069.58 in light turnover of FFr2.2bn. Alcatel Alsthom, up FFr10 at FFr658, continued to benefit from a Goldman Sachs recommendation, but expectations of lower profits at Rhône Poulenc left the shares FFr2.40 down at FFr130.

AMSTERDAM put in a solid performance, concentrating on a sharp rise in futures. The AEX index gained 3.93 at 412.14, the mood enhanced further by steady bonds and the rise in the London market.

Among cyclicals reporting tomorrow, Akzo rose Fl 2.30 to Fl 216.70 and DSM Fl 1.40 to Fl 144.40 on hopes of sharply higher second-quarter figures.

Nedlloyd added to Friday's Fl 2.90 advance with a Fl 1.60 rise to Fl 72.50. Small investors were said to be taking a lead from brokers' positive recommendations.

Among recently underperforming financials, ABN-Amro closed 80 cents higher at Fl 60.10 in volume that jumped to a heavy 1.5m shares as demand picked up after the share price surpassed the Fl 60 resistance level.

A 90-cent advance to Fl 55.60 in Philips was attributed to favourable reports in the Dutch press and expectations of strong earnings next week.

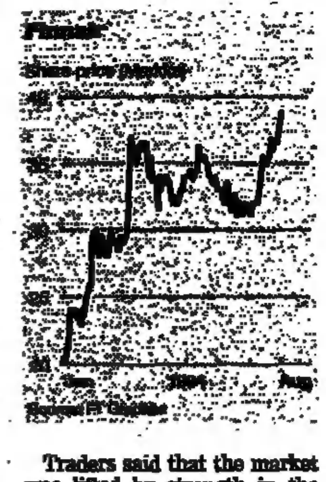
MILAN was indecisive ahead of today's address to parliament by Mr Silvio Berlusconi, when the prime minister is expected to detail his plans to put distance between his business activities and his governing role. The Comit index edged 1.06 lower to 708.70.

Industrials were broadly weaker, with Olivetti losing L80 to L2,399 as foreigners shied away.

Among the banks, BCI slid L75 to L4,800 but Credito Italiano added L45 at L2,230 in response to last Friday's annual shareholders meeting. Credito did not announce a capital increase and said that any future capital increases would be used to fund specific investments.

The telecommunications sector was mixed. Sip dipped L16 to L4,502 while Stet put on L6 to L5,244. Its former managing director, Mr Michele Tedeschi, who took over yesterday as chairman of the state holding IRI hoped that the programme to start Stet's privatisation would go ahead this autumn.

MADRID began August, a traditionally quiet month, with its share prices elevated in thin trading, the general index recovering another 5.66, or 1.8 per cent, to 319.38 in turnover down from Pta29.7bn to Pta26.1bn.



Traders said that the market was lifted by strength in the secondary debt market. Interest rate-sensitive stocks led the way up, with BCH and Santander up Pta120 to Pta3,770 and Pta190 to Pta5,200 in a strong banking sector, and Endesa and Iberdrola in utilities closing Pta130 and Pta24 higher at Pta6,260 and Pta970 respectively.

Repsol reflected the strength in world oil prices, closing Pta95 better at Pta4,245, and Telefónica led the volume charts in 1.96m shares as it closed Pta10 ahead at Pta1,870.

HELSINKI closed higher in relatively active trade as domestic investors returned after the traditional July holiday period. The Hex index gained 15.0, or 0.8 per cent, at 1,860.8, taking the rise for the year so far to 17.6 per cent.

Finnair closed FM2.10 stronger at FM39.10 after reaching a new high for the year of FM39.50, with buy recommendations from brokerage houses contributing to the gain.

Nokia preferred firmed FM9 to FM511 following strong demand for the shares in New York.

VIENNA woke up again as OMV, the oil, gas and chemicals group, rose Sch37, or 4.1 per cent, to Sch946, and the ATX index by 19.87, or 1.8 per cent, to 1,097.57. OMV is due to produce results in three weeks' time, but analysts favoured neither that, nor the global oil price, as influences on yesterday's share price, going instead for talk of an unbundling, detaching the loss-making chemicals division and leaving oil and gas to perform.

ATHENS rose 1.6 per cent, the general index finishing 13.56 better at 859.39 as it broke out of a 800-850 trading range.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Nikkei edges lower as Shanghai A shares surge 36%

Tokyo

The rise in the yen on worries over the breakdown of the Japan-US trade talks depressed some blue chip exporters, and the Nikkei 225 average lost ground in the lowest trading volume for three months, *writes Emiko Terazono in Tokyo.*

The index closed 178.04 off at the day's low of 20,271.35. Shares rose in the morning session, pushing the index to a day's high of 20,422.78, but fell later on arbitrage unwinding due to a drop in futures prices.

Volume shrank to 170m shares, the lowest since May 9, from Friday's 270m. The Topix index of all first section stocks slipped 7.59 to 1,629.82 while the Nikkei 300 lost 1.49 at 295.67. Declines outscored advances by 667 to 313, with 181 issues unchanged. In London the ISE/Nikkei 50 index was 2.49 firmer at 1,322.50.

Traders said selling by overseas investors, which depressed equities earlier last week, seemed to have run its course. But the sharp rebound of the yen weighed on blue chip stocks, which had suffered from the sell-off by foreigners.

Some analysts said further selling could depress share prices this week. "Though bearishness prevails, the major indices have not fallen enough to register oversold readings," said Kleinwort Benson in its most recent report. It predicted a downside target of 19,470 for the Nikkei 225.

Shares bought on margin in February met selling ahead of the six-month margin expiration. Tokyo Electric Power receded Y60 to Y2,970 and Fujikura, the optical cable maker, ended Y19 off at Y810.

High-technology issues declined, Fujitsu shedding Y20 to Y1,030, but some electrical stocks which retreated on overseas selling last week firmed on bargain hunting. Toshiba put on Y14 at Y747 and Hitachi gained Y4 at Y969.

Banks were lower on arbitrage selling.

Kumagai Gumi, a general contractor, climbed Y15 to Y541 on buying by foreign brokers on expectations of higher profits on a rise in domestic demand.

In Osaka, the OSE average eased 53.15 to 22,683.34 in volume of 51m shares.

Roundup

Regional markets saw some sharply higher performances in response to local factors and an easing of worries about the outlook for US interest rates.

SHANGHAI's A share index soared 36.1 per cent in the wake of Beijing's freeze on all new listings and issues this year. The A shares, available only to local investors, had collapsed by 80 per cent since a high in February, but yesterday's rally took the index 118.83 ahead to 447.68.

The B index of shares available to foreigners picked up 1.31, or 1.8 per cent, to 72.43, reflecting the improved market sentiment and stronger stock prices in Hong Kong.

Shenzhen's A share index jumped 32.78, or 34.4 per cent, to 128.04 and the B share index added 0.40 at 100.06.

HONG KONG gained 2.1 per cent, although late profit-taking had pulled shares back from their best levels.

The Hang Seng index ended 200.87 up at 9,683.68 in heavy turnover of HK$6.8bn, against HK$4.4bn on Friday.

Strong foreign institutional demand was seen, while local investors were divided over whether to join the frey.

Property issues posted strong gains following last week's government land auction, which allayed market fears of a squeeze on property prices. Sun Hung Kai Properties topped the list of net gainers, adding HK$2.50, or 5 per cent, at HK$52.75 while Cheung Kong rose by HK$1.10, or 2.9 per cent, to HK$39.

Chinese companies' Hong Kong-listed H shares also rose sharply, on demand from overseas funds.

KUALA LUMPUR saw strong local and foreign institutional demand for blue chips send the benchmark index up 2.8 per cent to its highest close in three months.

The composite index ended 28.83 stronger at 1,056.34, its largest single-day gain since a 51.48-point rise on April 12.

The advance was attributed to good Malaysian corporate results and Friday's rise on Wall Street.

SINGAPORE sprang to life, with foreign demand for blue chips sending the index 1.7 per cent higher, and Kuala Lumpur's advance acting as the catalyst. The Straits Times Industrial index moved ahead 37.47 to 2,243.89.

MANILA strengthened 2.9 per cent, the composite index rising 80.13 to 2,883.34, on the back of a sharp improvement in PLDT. The telecommunications group added 8.8 per cent at 1,715 pesos on expectations of a strong corporate performance during the second half of the year.

SYDNEY took its lead from Friday's Wall Street performance and the All Ordinaries index finished 20.6 firmer at 2,082.1. BHP rose 38 cents, or 2 per cent, to A$19.40, its highest close in almost six months and only 10 cents shy of its record finish.

Western Mining surged 28 cents, or 3.9 per cent, to A$7.45.

WELLINGTON was lifted by a strong showing by the five leading stocks, and the NZSE-40 capital index closed 6.10 higher at 2,033.28.

BANGKOK ended above the psychological 1,400 resistance level, as demand emerged for the communications and property development sectors. The SET index closed 25.10 up at 1,401.98 in more active turnover, Bt10.2bn, than in recent days. Foreigners were said to be gradually accumulating communications issues and the sector was the day's best performer, climbing 5.1 per cent.

TAIPEI closed 1.8 per cent up at a four-year peak on intensive buying in plastics and electronics, and the weighted index rose 118.97 to 6,839.02, its highest close since 7,075.50 on June 8, 1990. Turnover was a hectic T$116.36bn.

The plastics sector led the rally, jumping 3.57 per cent, because of recent product price rises.

BOMBAY moved ahead 2 per cent in low volume amid fresh buying by speculators and Indian companies.

The BSE 30-share index gained 85.18 at 4,276.48.

Steady performance in S Africa

Johannesburg made a slow start to the week, with prices ending mixed as bullion and world bourses failed to give them direction. However, the continued threat of labour unrest, and increased political and crime-related violence, was said to be dampening enthusiasm for industrials.

The overall index ended 1 lower at 5,851, industrials eased 7 to 6,400 and golds put on 4 at 2,142.

Gencor lost 10 cents at R11.80 as demand slowed after the announcement of its purchase of Billiton. Randgold ended unchanged at R9 after news that a foreign consortium was bidding for management control of the group.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 29 1994								THURSDAY JULY 28 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	173.86	1.2	167.76	110.06	143.61	156.45	0.9	3.52	171.72	166.20	107.46	141.01	155.05	189.15	138.24	139.78
Austria (17)	184.66	-0.6	178.17	116.93	152.53	152.36	0.0	1.05	185.73	179.75	116.25	152.51	152.42	195.41	155.66	159.49
Belgium (37)	173.09	-0.1	167.00	109.60	142.97	139.58	0.5	3.96	173.29	167.72	108.47	142.30	138.83	178.67	143.62	144.26
Canada (105)	127.86	0.8	123.37	80.96	105.61	127.96	0.8	2.65	126.91	122.83	79.43	104.21	126.80	145.31	120.64	126.94
Denmark (33)	271.11	0.3	261.58	171.67	223.93	230.27	0.9	1.29	270.22	261.52	169.13	221.89	228.11	275.78	211.26	211.67
Finland (24)	160.17	-0.5	154.54	101.42	132.30	175.78	0.0	0.80	160.89	155.72	100.71	132.12	175.73	163.27	99.96	101.19
France (97)	176.65	0.4	170.44	111.86	145.91	150.42	1.0	2.93	176.01	170.35	110.17	144.53	148.88	185.37	153.87	153.87
Germany (58)	143.11	0.2	138.09	90.62	118.21	118.21	0.8	1.76	142.81	138.22	89.39	117.27	117.27	147.07	112.89	115.02
Hong Kong (56)	385.64	0.8	372.10	244.20	318.55	382.49	0.8	3.17	382.60	370.30	239.48	314.19	379.46	506.56	276.41	276.41
Ireland (14)	197.74	1.2	190.79	125.21	163.33	183.92	1.1	3.32	195.41	189.13	122.31	160.47	181.89	209.33	157.95	157.95
Italy (61)	85.72	2.0	82.71	54.28	70.81	101.77	2.1	1.49	84.07	81.37	52.62	69.04	99.69	97.78	57.88	68.07
Japan (469)	163.10	-0.2	157.37	103.28	134.72	103.28	1.0	0.74	163.36	158.11	102.25	134.15	102.25	170.10	124.64	156.51
Malaysia (98)	489.57	0.8	472.37	310.01	404.39	489.10	0.8	1.68	485.56	469.95	303.92	398.73	485.00	621.63	349.18	349.18
Mexico (18)	2068.77	-0.1	1996.08	1309.96	1708.78	7691.65	-0.1	1.74	2071.15	2004.54	1298.38	1700.77	7695.97	2847.08	1582.33	1582.33
Netherland (27)	208.80	0.4	201.47	132.22	172.47	169.81	0.9	3.35	207.98	201.27	130.17	170.77	168.25	208.80	167.62	167.62
New Zealand (14)	68.47	1.4	66.06	43.35	56.55	60.41	1.2	3.96	67.50	65.33	42.25	55.43	59.70	77.88	54.19	54.19
Norway (23)	208.44	0.1	201.11	131.99	172.17	196.02	0.7	1.69	208.21	201.51	130.32	170.97	194.64	208.44	157.21	157.21
Singapore (44)	346.23	0.4	334.07	219.24	285.99	241.11	0.5	1.75	344.77	333.68	215.80	283.12	239.83	379.92	250.07	250.84
South Africa (59)	284.94	-2.0	274.93	180.43	235.36	289.28	-0.5	2.15	290.92	281.56	182.09	238.89	290.71	292.64	175.93	209.58
Spain (42)	145.18	1.1	140.08	91.93	119.92	143.58	1.4	4.02	143.61	138.96	89.89	117.93	141.51	155.79	116.33	117.85
Sweden (36)	219.54	1.4	211.83	139.02	181.34	252.33	1.5	1.58	216.48	209.52	135.50	177.77	248.52	231.35	170.18	170.18
Switzerland (47)	156.68	0.2	151.17	99.21	129.41	130.69	0.8	1.86	156.42	151.38	97.90	128.44	129.65	176.56	127.14	127.14
United Kingdom (204)	193.51	-0.1	186.71	122.53	159.84	186.71	-0.3	4.04	193.60	187.37	121.18	158.98	187.37	214.95	176.37	176.37
USA (519)	187.24	0.9	180.66	118.56	154.66	187.24	0.9	2.68	185.58	179.61	116.16	152.39	185.58	196.04	178.95	184.15
EUROPE (720)	170.49	0.3	164.50	107.95	140.82	154.95	0.5	2.99	169.98	164.49	106.38	139.56	154.14	178.58	145.11	145.11
Nordic (116)	216.31	0.8	208.71	136.97	178.67	212.82	1.1	1.40	214.67	207.76	134.36	176.28	210.51	220.60	162.68	162.68
Pacific Basin (749)	171.36	0.0	165.34	108.51	141.56	113.35	1.0	1.06	171.36	165.85	107.26	140.72	112.29	178.89	134.79	158.47
Euro-Pacific (1469)	170.87	0.1	164.86	108.20	141.14	129.97	0.8	1.67	170.65	165.16	106.81	140.13	128.65	173.89	143.88	152.87
North America (624)	183.55	0.9	177.10	116.23	151.61	183.17	0.9	2.87	181.94	176.09	113.88	149.40	181.55	192.73	175.67	180.54
Europe Ex. UK (516)	154.16	0.5	148.74	97.61	127.33	135.55	1.0	2.39	153.36	148.43	95.98	125.93	134.15	157.47	125.70	125.70
Pacific Ex. Japan (280)	252.98	0.9	244.10	160.20	208.97	226.36	0.8	2.85	250.70	242.64	156.92	205.87	224.40	298.21	189.20	189.20
World Ex. US (1651)	171.93	0.1	165.89	108.87	142.01	133.37	0.8	1.90	171.75	166.23	107.50	141.04	132.37	174.79	145.66	153.42
World Ex. UK (1966)	174.28	0.4	168.15	110.35	143.95	146.51	0.9	2.05	173.55	167.96	108.63	142.51	145.17	175.68	155.96	161.37
World Ex. So. Af. (2111)	175.31	0.4	169.15	111.01	144.81	149.14	0.8	2.24	174.61	168.99	109.29	143.38	147.83	178.56	158.64	162.49
World Ex. Japan (1701)	185.01	0.6	178.51	117.15	152.82	177.38	0.7	2.89	183.88	177.97	115.10	151.00	176.12	195.20	168.39	169.56
The World Index (2170)	175.99	0.4	169.80	111.44	145.36	150.18	0.8	2.24	175.33	169.69	109.74	143.97	148.99	178.97	158.65	162.71

Latest prices were unavailable for this edition.